



Towards Excellence and Sustained Growth

追求卓越 持续增长

CORPORATE REPORT 2021
Book One: Strategy and Sustainability

About the Report

Book One: Strategy and Sustainability
Book Two: Corporate Governance and Financial Reports

The 2021 Corporate Report covers the financial year of 2021 (1st January to 31st December), encompasses the strategic, financial and sustainability aspects of Halcyon Agri Corporation Limited's business, as well as detailing the developments and initiatives moving into 2022 and beyond.

Our Sustainability Report for the financial year 2021 has been prepared in accordance with the GRI Standards, with reference to the Singapore Exchange Sustainability Reporting Guide. It presents our performance against the material Environmental Social Governance (ESG) factors approved by the Board. All data refers to Halcyon Agri Group's operations in Asia, Europe, America and Africa unless stated otherwise. There were no significant changes to our organisation and supply chain during the reporting period.

Please contact investor@halcyonagri.com for any questions or feedback.

Follow us on social media



We also would like to invite you to stay updated with Halcyon Agri's latest developments by subscribing to our corporate news alerts via our website: www.halcyonagri.com. Your privacy is important to us and the details you provide will be used solely for provision of corporate news updates. You may unsubscribe at any time.

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Vision Statement

Our vision is to be the leading natural rubber global franchise, leveraging our globally integrated platform in advocating for ESG practices across the supply chain, and effecting meaningful change in the industry.

Our Pillar of 360° Excellence

These elements form the cornerstone of our continued business success, and empower us to deliver better value to stakeholders.



In FY2022, Halcyon Agri shall continue to pursue excellence to achieve sustainable growth, following our prior year's motto of "Innovate, Sustain, Succeed". We spare no effort to continue our positive momentum to enhance our business strategy, focusing on our innovation in seizing market opportunities to further augment our business and generate sustainable profits, ultimately creating value for our shareholders, employees and society.

— Liu Hongsheng
Chairman of the Board



Chairman's Welcome Message

Dear Stakeholders,

I am pleased to present the annual report of Halcyon Agri Corporation Limited ("Halcyon Agri") for the financial year ended 31 December 2021 ("FY2021").

FY2021 was an extraordinary year. The global economy grew by 5.9%, gradually recovering from the impacts brought about by the COVID-19 pandemic. During the year, the global logistics disruption and fluctuation of commodity prices including natural rubber, have brought challenges to the rubber plantations, smallholder farmers, producers, and downstream tyre companies.

As the world-leading natural rubber franchise, Halcyon Agri has a unique vantage point to the global supply and demand dynamics through our global network. In FY2021, we have effectively executed our business strategy in accordance with our Pillar of 360° Excellence, to seize market opportunities and in turn achieved much improved results, both financially and operationally. The Group registered a net profit of US\$17.0 million in FY2021, from a net loss of US\$60.6 million in FY2020.

Our sales volume increased 15.7% year-on-year ("YoY"), to 1,372,241 mT in FY2021. Our revenue surged 44.0% YoY to US\$2.45 billion while our gross profit increased from US\$101.6 million in FY2020 to US\$162.9 million in FY2021, on the back of higher volume and better margins. We registered EBITDA of US\$69.3 million in FY2021, from US\$1.8 million reported in the prior year.

Building on Customer Excellence, we have further strengthened our position as a preferred natural rubber supplier as we collaborated closely with customers to support their supply chain management and have effectively optimised our global production capacity.

Our production volume was 869,699 mT, an increase of 10% from 787,762 mT in FY2020. Despite the global supply chain disruption, our strategically located factories around the world enabled us to serve our customers in a timely and cost-effective manner. This is the foundation to build a strong and lasting relationship with our customers.

We constantly embrace innovative solutions. In March 2021, our pioneer digitalisation initiative, HeveaConnect, has secured a US\$1.5 million investment from Singapore Exchange. This has effectively boosted HeveaConnect's industry traction, facilitated the onboarding of producers and major global tyre customers, which accelerated industry digitalisation along the natural rubber supply chain based on sustainable business practices.

Sustainable development is core tenet of our business. We continuously strengthen the quality of HeveaPro sustainable rubber and strive to create green and low-carbon competitive advantages.

Our sustainability track record has been recognised by reputable organisations, including:

1. Ranked as the most transparent rubber producing company in 2021 SPOTT assessment, by the Zoological Society of London;
2. Awarded EcoVadis Gold Medal (2020);
3. As a member of the Global Platform for Sustainable Natural Rubber ("GPSNR"), we have fully aligned our Sustainable Natural Rubber Supply Chain Policy to the policy framework of GPSNR.

We continue to establish meaningful relationships with our partners in realising mutual growth.

In April 2021, we have completed a significant long-term financing of US\$300 million. This reflects the continued trust in our business model. Our balance sheet structure is effectively strengthened and this enabled us to navigate the challenges in the post-pandemic economy and capture market opportunities which may arise. Sinochem, our major shareholder has also provided strong support in our value creation initiatives.

Looking ahead in FY2022, the macroeconomic outlook remains optimistic despite uncertainties surrounding the global economic recovery from the COVID-19 pandemic, and the impact of Russia-Ukraine conflict. 2022 GDP growth estimates by the Organization for Economic Cooperation and Development ("OECD") and International Monetary Fund ("IMF") stand at 4.5% and 4.4% respectively, while China's 2022 GDP growth estimate is 5.5%. Other than the GDP growth, the near term demand for natural rubber could be boosted by the progressive reopening measures by countries around the world. We maintain our view that the long-term supply and demand dynamics of natural rubber remain favourable to us.

In FY2022, we will continue to pursue excellence to achieve sustainable growth, following our prior year's motto of "Innovate, Sustain, Succeed". We spare no effort to continue our positive momentum to enhance our business strategy, focusing on our innovation, in seizing market opportunities to further augment our business and generate sustainable profits, ultimately creating value for our shareholders, employees and society.

On behalf of the Board, I would like to express my deepest gratitude to all shareholders, customers, bankers and business partners for your support to Halcyon Agri during the year. Also, I would like to extend my heartfelt appreciation to the management team and all employees for your relentless commitment and hard work. With our combined efforts, I look forward to our continued success in FY2022.

Liu Hongsheng
Chairman of the Board

董事长致辞

各位股东、客户以及合作伙伴：

大家好。

欢迎您阅读合盛集团2021年度报告。

2021年是极其不平凡的一年，全球经济从新冠肺炎疫情的巨大冲击中逐步艰难恢复，GDP实现了5.9%的增长—尤其中国，在沉着应对百年未有之变局和新冠疫情挑战之际，实现了8.1%的GDP增长。在今年，全球供应链中断包括天然橡胶在内的大宗商品价格大幅波动，给天然橡胶种植园、小农户、生产商包括下游轮胎企业带来了很大挑战。

作为世界领先的天然橡胶供应链管理专家，合盛集团发挥其种植园、加工厂、营销网点在全球产区区和消费地广泛布局的独特优势，聚焦天然橡胶主业，遵循客户、运营、财务和企业“全面发展追求卓越”的发展理念，有效执行业务战略，抓住了市场机遇，取得了很好的业绩。集团的财务和运营都实现了大幅改善，2021财年实现净利润1,705万美元，扭转了2020财年6,060万美元的净亏损。

合盛集团2021财年销量同比增长15.7%，达到1,372,241吨。营收同比增长44.0%，达到24.5亿美元。凭借销量和单位利润率的提升，本集团的毛利润从2020财年的1.016亿美元增加到2021财年的1.629亿美元，息税折旧及摊销前利润（“EBITDA”）为6,932万美元，较上一年有显著的增长。

我们强化“客户导向”，贴近市场，聚焦内涵式发展，充分优化提升集团的全球生产能力。本集团2021财年的生产量为869,699吨，比2020财年的787,762吨增加了10.0%。尽管全球供应链中断，本集团位于世界各地的工厂为集团赋予了战略性的优势，使我们能够为客户提供即时和节约成本的服务，为牢固持久的客户关系奠定了良好基础。

我们坚信“持续创新”，不断创新思路。集团的数字化交易平台HeveaConnect于2021年3月从新加坡交易所获得了150万美元的投资。此举有力提升了HeveaConnect的行业吸引力，促进了生产商和全球重要轮胎客户的加入，该平台将有力地推动天然橡胶行业数字化和天然橡胶供应链的可持续发展进程。

我们坚持“绿色发展”原则，持续强化HeveaPro可持续发展橡胶的品质，努力构建“绿色低碳”的竞争优优势。创造长期可持续发展是我们业务的核心原则。我们的可持续发展实践取得了三家知名国际机构的认可，包括：

- 1、被伦敦动物学会（Zoological Society of London）评为SPOTT 2021年最具透明度的橡胶生产公司；
- 2、获得EcoVadis金牌认证（2020）；
- 3、作为全球可持续天然橡胶平台（GPSNR）的创始成员，形成了契合GPSNR框架的可持续天然橡胶供应链政策。

我们继续深化与利益相关方的合作，致力于共同成长。

2021年4月，合盛集团完成了3亿美元长期贷款再融资，体现了市场对合盛业务的信誉。这有力地强化了本集团的资产负债表结构，使集团能够有效应对后疫情时代的挑战，随时把握市场机遇。作为集团的大股东，中化国际持续为本集团的价值创造提供强而有力的支持。

2022年合盛全体员工将继续“追求卓越”，实现“持续增长”，这是2021年“创新Innovate”，“可持续Sustain”和“成功Succeed”主题的延续。我们将不遗余力地延续积极发展势头，秉持“客户导向”、“卓越运营”的理念，不断进行技术创新、商业模式创新、产品创新、管理创新，继续把握市场机会进一步扩大业务，创造可持续的利润，为股东、员工和社会创造价值。

2022年，新冠肺炎疫情依然影响全球宏观经济恢复，俄罗斯乌克兰战争给全球金融、商品期货和股市造成一定冲击，但宏观经济形势依旧谨慎乐观。经济合作与发展组织（OECD）和国际货币基金组织（IMF）预计2022年GDP增长率分别为4.5%和4.4%，中国政府设定的2022年GDP目标是5.5%。随着各国政府逐步重新开放，天然橡胶需求将持续回升。集团认为天然橡胶的长远供需动态仍然有利于天然橡胶价格的长期向好。

衷心感谢所有股东、客户、银行以及合作伙伴在2021年对合盛农业集团的关心和支持，感谢管理团队和全体员工的辛勤付出和努力工作，希望各位在2022年继续与合盛集团一路同行，共同收获未来的成果。

刘红生
董事长



15,000+
DEDICATED AND
RESPECTED EMPLOYEES



100+
LOCATIONS

Headquartered in Singapore, we are a fully integrated natural rubber franchise with significant presence along every phase of the supply chain, including plantations, factories, warehouses, tank terminals, laboratories, and a worldwide distribution network



1.4 million mT
EFFECTIVE PRODUCTION
CAPACITY



39,500ha
PLANTED AREAS



1.4 million mT
SALES VOLUME



Sales to tyre customers as a % of total natural rubber consumption of tyre and tyre products



Sales volume contribution by segment

CMC:
27%



Group sales volume as a % of global natural rubber consumption

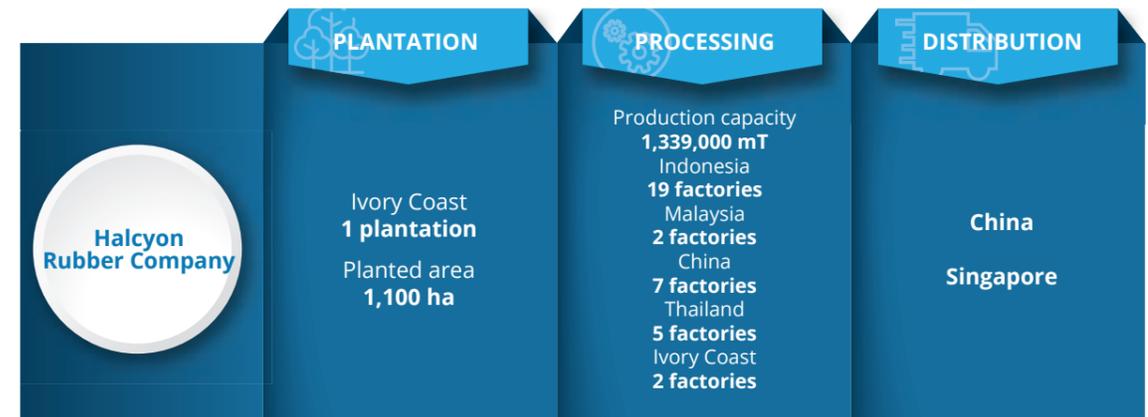
Effective Production Capacity represents the maximum production level achievable based on machinery capability of factors, after accounting for preventive maintenance windows

OUR GLOBAL FRANCHISE

Halcyon Agri Corporation Limited (SGX: 5VJ) is a leading integrated natural rubber supply chain franchise. Headquartered in Singapore with over 15,000 employees in more than 100 locations, the Group leverages its extensive network of factories, warehouses, terminals, laboratories and sales offices around the world to distribute a wide range of natural rubber products to our customers.

Halcyon Agri has created two best-in-class operations, based on the strictest sustainability principles.

Halcyon Rubber Company (HRC Group)



Pre-eminent supplier of natural rubber to the global tyre fraternity, HRC Group owns and operates 35 factories with wide-ranging approvals from the tyre majors. The factories are located across the key rubber origins, including Indonesia, Malaysia, China, Thailand and Ivory Coast, and they have attained international standards of environmental performance under ISO 14001 and/or compliant with HeveaPro, an industry-leading manufacturing standard for sustainable natural rubber.

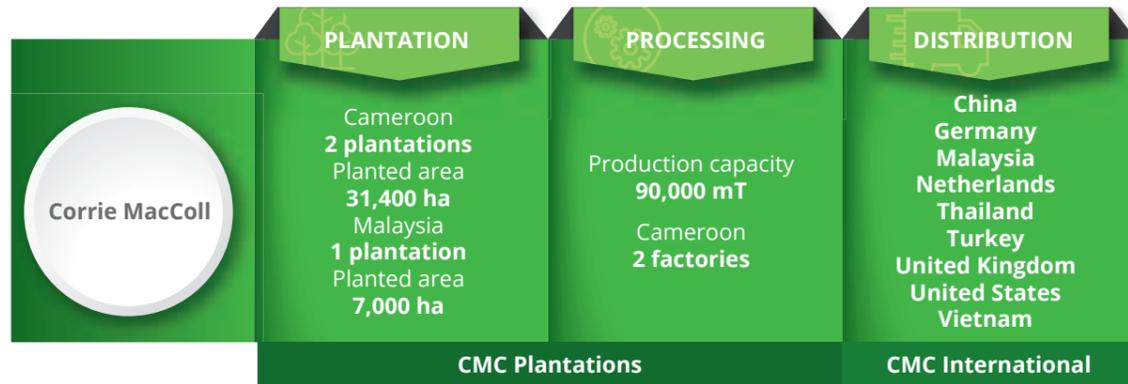
Being in a mid-stream business, the key profitability driver for the factories is the processing margins, which is the selling price of the finished product, deducted against the procurement costs from smallholder farmers, and associated conversion costs and overheads.

HRC Group also owns a rubber plantation in Ivory Coast with 1,100 ha planted area, which supplies raw material into our factory.



Halcyon Agri at a Glance

Corrie MacColl (CMC Group)



A leading provider of specialist polymers for industrial and non-tyre applications, CMC Group operates a wide storefront covering in-house plantation rubber and concentrated latex, as well as third-party sourced natural and synthetic rubber, in both dry and liquid forms. CMC comprises of two units: **CMC Plantations (CMCP)** and **CMC International (CMCI)**. Each business unit has different characteristics and profit drivers. Effective FY2021, the financial reporting segment has been modified to provide better clarity on the operation of each business.

CMC Plantations (CMCP)

With over 31,400 ha planted in Cameroon and 7,000 ha planted in Malaysia, CMCP is the owner of one of the largest commercially owned and operated rubber plantations. However, CMCP's average tree profile is largely immature. The plantation business is a long-term investment as each planted rubber tree takes an average of five to seven years before yielding the first drop of latex, and will go on to be productive for the next 30 years. As the plantation overheads are mostly fixed in nature, the time passage will lead to the ramping up of plantation yields and improving the absorption of fixed costs.

Moving forward, as the immature areas come on stream and the yields of the younger trees strengthen, the plantation output is expected to at least double in the next five years, and reach 55,000 mT of output by 2030. As the unit costs are reduced with a larger volume base, unit profits will increase. There is further upside profit potential when factoring in the cyclical recovery in rubber prices.

CMC International (CMCI)

Being a fulfillment platform, CMCI operates commercial and distribution platforms with global third-party procurement capability. CMCI is the distribution arm for our plantation outputs, which allows us to capture the whole supply chain margin from the tree all the way to the customers' door. It is also a stockist and merchandiser, equipped with storage capability that supports the customers requirements by providing a full suite of logistics and technical services. The distribution margins are used to support the development and maintenance costs of our plantations.

Digitalisation Initiatives

On top of the above two major business segments, Halcyon Agri also invests in the digital transformation of the natural rubber supply chain, the most prominent initiative being HeveaConnect. HeveaConnect is a digital marketplace for sustainably produced natural rubber, and is at the forefront of the digitalisation of the natural rubber industry. Digital transformation allows for data transparency, which will strengthen the integrity of product sustainability, and enhances trust along supply chain.

Chief Executive Officer's Review

Dear Stakeholders,

It is no doubt that 2021 was a challenging year. As the world is recovering from the aftermath effects of COVID-19 in 2020, the sharp rebound in demand has thrown almost every facet of global supply chain into a tailspin, spurring port congestion, shipment delays and causing shortages of almost everything. The emergence of new COVID-19 variants has also affected the pace of economic recovery. As a result, global economy, including the commodity market, continued to be volatile throughout the year.

Exceptional times call for exceptional measures. Halcyon Agri's global team has been stepping up the efforts to formulate the optimal solutions that best serve our customers amid the surge in demand and logistical challenges, and turns valuable resources and relationships into tangible results that create value for the Company's stakeholders.

Being a world-leading natural rubber producer, we have a unique vantage point to the global supply and demand dynamics. Leveraging on our global integration capabilities and regional footprint with strategically located factories, we have mobilised our global resources effectively to provide value-added services and high-quality products to our customers in a timely and cost-effective manner.

This has allowed the Group to build and grow our strength and resilience, despite the adversities.

Vision and Pillar of 360° Excellence

During the year, we have formalised the Group's Vision Statement to state our ultimate goal as a responsible organisation and be a leading corporate citizen.

“OUR VISION is to be the leading natural rubber global franchise, leveraging our globally integrated platform in advocating for ESG practices across the supply chain, and effecting meaningful change in the industry.”

Concurrently, we have also outlined the key priority areas of our vision in **Our Pillar of 360° Excellence**. The clear alignment of strategies underpins our results improvement in FY2021 with net profit of US\$17.1 million on the back of 15.7% year-on-year increase in sales volume to 1,372,241 mT in FY2021.

Halcyon Agri's performance in 2021 is a testament of our successful implementation of the four key features in Our Pillar of 360° Excellence, being **Customer Excellence**, **Operational Excellence**, **Financial Excellence** and **Corporate Excellence**.

Customer Excellence – We capitalised on our global presence and have further strengthened our position as a preferred natural rubber supplier. Our global presence and vertical capabilities meant that we can meet our customers' sourcing and logistic needs on a timely basis, which is especially critical amid global shipping logjam. These competitive advantages have placed us in pole position to benefit from the strong demand recovery in both tyre and non-tyre sectors. As of 2021, Halcyon Agri produces and/or distributes 10% of natural rubber consumed globally.

Operational Excellence – Our global operations have striven to maximise operating efficiency to enhance our competitiveness. In doing so, we have strategically deployed our global resources to ensure our factory generate higher contribution margins, and improve the fixed costs absorption rate. At the same time, we also dived deep into our processes to identify opportunities for improvement, and refine them accordingly. As a result of the team's relentless efforts, cost efficiencies have improved amid the 10% increase in the Group's global production volumes to 869,699 mT in FY2021. Separately, the improvements introduced to the plantation business and operational process in 2021 have also produced better results, as evidenced by the increase in tapping efficiency and higher yields.

Financial Excellence – With strong support from institutional stakeholders and our major shareholder, Sinochem, our stronger capital footing has allowed us to capitalise on market opportunities to generate better financial returns. Our capital allocation tactic is consistent with Operational Excellence, where we allocate capital to business unit based on its merits and potential returns. This is especially crucial in a volatile market environment. Our capital management strategy has seen our working capital days reduced from 114 days in 2020 to 86 days in 2021. We have also made good progress on our deleveraging plan throughout 2021, and it is one of the top priorities of my management team for 2022.

Corporate Excellence – We aim to achieve sustainable and profitable organic growth through sustainability, innovation and strong execution.

As we strive to deliver sustainable profits, we also aim to establish ourselves as a leading corporate citizen – To generate sustainable returns to our shareholders, to reward our dedicated employees fairly and meaningfully, and to ensure that small communities can prosper in this global competitive environment.

Chief Executive Officer's Review

Reflecting upon our focus in previous year, which is "Innovate, Sustain, Succeed", I'm proud to say that we have achieved our 2021 aspirations. However, the work does not stop here. Our ambition is to build on our strong foundation, to scale greater heights which is - "Towards Excellence and Sustained Growth".

Outlook for FY2022

Macro-economic outlook is expected to remain upbeat, with 2022 GDP growth estimates by OECD and IMF stands at 4.5% and 4.4% respectively. It is also foreseen that the recent spike in crude oil prices might spark a switch from the usage of synthetic rubber to natural rubber amongst the downstream players, to the extent it is interchangeable.

However, the pace and momentum of the demand recovery could be disrupted by a number of headwind factors: (i) potential new variants of COVID-19; (ii) ongoing global supply chain constraints and logistics disruptions; (iii) the development of Russia-Ukraine conflict; (iv) stagflation in the developed countries; and (v) the volatility of global forex rates.

Amidst the overall upbeat view, we remain cautiously optimistic towards 2022.

While there might be a myriad of short and medium term factors which might affect the natural rubber industry in near future, Halcyon Agri as a natural rubber supply chain manager, focuses on long-term industry prospects.

2021 natural rubber consumption returned to pre-COVID levels, and is expected to grow at 3% per annum moving forward, in line with the long-term GDP growth projections. However, these figures may have been conservative, as it might not have considered the effects of the emerging trends such as heightened sustainability requirement, electrification of vehicles and healthcare evolution.

On the other hand, over the past seven years, the new rubber planting areas have been declining, presumably due to prolonged low-price environment, which disincentivises the smallholder farmers to remain in the rubber industry. For context, natural rubber is a smallholder-centric product, thus price movement has direct impact to their livelihood.

The other pertinent fact is the gestation period of rubber trees, which is about five to seven years after the trees are planted. Even we are to engage in mass planting of rubber trees right now, the trees are not going to be productive anytime soon. Hence, the growth rate of the supply might not catch up with the growth in demand in the near future.

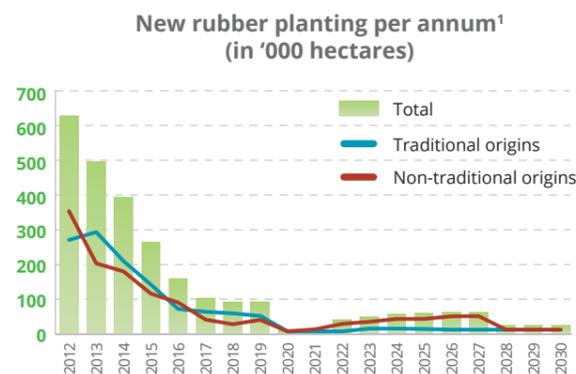
Concluding thoughts

Heading into 2022, we spare no effort to maintain positive growth momentum and achieve 360° Excellence. We will continue to capitalise on market opportunities to further augment our business, and generate sustainable profits. We also aim to speed up our deleveraging plan, to improve our liquidity and capital structure.

I want to state our continuing support and determination to realise the United Nations Sustainable Development Goals and United Nations' Global Compact (UNGC) principles on human rights, labour, environment and anti-corruption for all our stakeholders.

In closing, I would like to commend the efforts of the members of Halcyon Agri family for their unwavering dedication and commitment in ensuring that the Group is moving ahead in unison towards the right direction. I also would like to extend my sincerest appreciation to our Board of Directors, our financiers, our commercial partners and all other stakeholders for your steadfast support. With your continued faith and trust in Halcyon Agri, I am excited to take on 2022.

David Li Xuetao
Executive Director and Group CEO



¹ Source: World Rubber Industry Outlook, IRSG.

Board of Directors



Alan Rupert Nisbet
Lead Independent Director

Mr Alan Rupert Nisbet is a highly experienced accountant and serves as Lead Independent Director and Chairman of the Audit Committee. He joined the Board in 2013 and is also sits on the Remuneration, Nominating, as well as the Strategy and Investment Committees. His other current roles include:

- Independent Director and Chairman of the Audit Committee of Ascendas Property Trustee Pte Ltd (the trustee-manager of Ascendas India Trust)
- Independent Director of Keppel REIT Management Limited (the manager of Keppel REIT)
- Independent Director and Chairman of the Audit Committee at Standard Chartered Bank (Singapore) Limited

Mr Nisbet was a member of the Institute of Singapore Chartered Accountants until his retirement. He graduated with a Diploma of Business Studies (Accounting) from the Caulfield Institute of Technology, Melbourne, Australia.



Liew Choon Wei
Independent Director

Mr Liew Choon Wei is an Independent Director and Chairman of the Remuneration Committee. He was appointed to the Board in 2014 and also sits on the Audit and Nominating Committees. He joined Ernst & Young LLP in Singapore in 1979 and was Audit Partner for its largest real estate, commodities, banking, media, hospitality and retail clients before retiring in 2013.

His current roles include:

- Independent Director at Frasers Hospitality Asset Management Pte Ltd (manager of Frasers Hospitality Real Estate Investment Trust) and Frasers Hospitality Trust Management Pte Ltd (trustee-manager of Frasers Hospitality Business Trust), member of the Audit Committee, Remuneration Committee and Nominating Committee
- Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee of FJ Benjamin Holdings Ltd
- Independent Director at The Hour Glass Limited and Chairman of its Audit Committee
- Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants



Simon Lam Chun Kai
Independent Director

Mr Simon Lam Chun Kai is an Independent Director appointed to the Board in 2019 and serves as the Chairman of the Nominating Committee. He also sits on the Audit Committee as well as the Strategy and Investment Committee. He brings many years of corporate experience, particularly in the petroleum and petrochemicals industries, and has served as:

- Chairman of Shell Companies in Singapore
- Chief Executive Officer at CNOOC and Shell Petrochemicals Company Limited
- Venture Director of Shell Eastern Petrochemical Complex
- Chief Executive Officer at Jurong Aromatics Corp, Singapore

He has previously sat on the boards of a number of government and industry bodies, including:

- Maritime and Port Authority of Singapore
- Science Centre Singapore
- International Chamber of Commerce
- Energy Market Authority of Singapore
- Hertel Group, Netherland
- Royal Vopak, Netherland
- Sinochem International Corporation Ltd

Mr Lam received his tertiary education at Adelaide University, South Australia, and is a Chartered Member of IChemE, United Kingdom.



Eddie Chan Yean Hoe
Independent Director

Mr Eddie Chan Yean Hoe is an Independent Director appointed to the Board in 2020 and sits on the Audit Committee. He was an Executive Director and a Partner of Ernst & Young Malaysia with many years of experience in auditing, corporate restructuring, taxation and accounting, across several industries including rubber and oil palm plantations.

He also held several senior finance roles in a multinational oil and gas company until his retirement. He had served as a Director of Daiman Development Berhad, prior to his appointment to the Board.

Mr Eddie Chan is a Certified Public Accountant. He is a member of the Malaysian Institute of Certified Public Accountants and a chartered member of the Malaysian Institute of Accountants.



Huang Xuhua
Independent Director

Mr Huang Xuhua is an Independent Director appointed to the Board in 2021. He has over 30 years of experience in corporate and commercial laws, and specialises in mergers and acquisitions, joint ventures, cross-border investments and private equity transactions.

Mr Huang is Senior Advisor, China Practice of Allen & Gledhill, a leading law firm in Singapore. He has been based in Beijing, New York, Hong Kong and Singapore in the course of his legal career, and was a partner of one of the world's largest international law firms for 14 years.

He received his Bachelor of Laws from Renmin University of China in Beijing and his Master of Laws from Columbia University School of Law in New York.



Liu Hongsheng
Non-Executive Chairman

Mr Liu Hongsheng brings decades of experience in business and human resources to his roles as Halcyon Agri's Non-Executive Chairman. He joined the Board in 2017, serves as the Chairman of the Strategy and Investment Committee and sits on the Remuneration Committee. He is currently Director and Chief Executive Officer of Sinochem International Corporation (SIC). His previous posts include:

- Vice President at SIC
- Senior Vice President at SIC Chemicals Segment
- General Manager at SIC Logistics Business Division
- Deputy Head of Human Resources at China's Ministry of Foreign Trade and Economic Cooperation
- First Secretary of the Economic and Commercial Counsellor's Office at the Chinese Embassy in Thailand

Mr Liu holds a bachelor's degree in Philosophy from Peking University and an executive master's degree in Business Administration from Shanghai Maritime University.



Qin Jinke
Non-Executive Director

Mr Qin Jinke joined the Board in 2018 and is a Non-Executive Director. He has been with Sinochem International Corporation for more than 20 years and is now its Chief Financial Officer. He joined Sinochem in 2001 and has held senior positions in its auditing, finance and accounting departments, including:

- Deputy Chief Financial Officer
- General Manager of the Finance Department
- Vice General Manager of the Finance Department
- General Manager of the Accounting and Tax Office
- Chief Financial Officer at Metallurgy and Energy Division Assistant General Manager of the Auditing Department

Mr Qin holds a bachelor's degree in Accounting from Central University of Finance and Economics, and an executive master's degree from China Europe International Business School.



Liu Jiannan
Non-Executive Director

Mr Liu Jiannan was appointed to the Board in 2021. He has been with China-Africa Development Fund (CADFund) since he graduated from university in 2014 and presently serves as its Executive Director of Investment Department I. He has extensive experience in capital markets and has led the investment activity of CADFund in infrastructure, mining and financial sectors, with aggregate value of more than US\$1 billion.

He received his Master of Arts Degree in Economics (Financial Economics) and Bachelor of Science (BS) in Business Administration (Finance) from California State University Los Angeles.



Li Xuetao
Executive Director,
Chief Executive Officer

Mr Li Xuetao is Halcyon Agri's Chief Executive Officer and joined the Board as Executive Director in June 2020. As Chief Executive Officer, Mr Li is in charge of formulating and executing the business strategy of the Group, and of overseeing its day-to-day management. He has more than 20 years' experience in tyre, synthetic rubber and natural rubber business, and has held various senior positions in Sinochem International Corporation (SIC) and Sinochem Group (SG), including:

- Director of Strategic Synergy Department of Chemical SBU of SG
- Deputy Director of Strategy Development Department of Chemical SBU of SG and SIC
- Vice President of SIC and CEO of Trading and Distribution Business Division
- Vice President of SIC and CEO of Rubber Business Division

Mr Li holds a Bachelor of Economics from University of International Business and Economics, Beijing and a Master of Change Management from BI Norwegian School of Management - Fudan University.

Senior Management



Jeremy Loh
Chief Financial Officer

Mr Jeremy Loh is the Chief Financial Officer at Halcyon Agri and is responsible for the Group's financial affairs, including corporate finance, treasury and capital management.

He joined Halcyon Agri in 2016 as the Deputy Chief Financial Officer and brings with him almost 20 years of financial reporting, control and risk expertise to the Group. His work experiences include senior roles at international banks and auditing firms in Singapore, Thailand and Malaysia.

Mr Loh holds a bachelor's degree in Accounting from Monash University Australia.



Andrew Trevatt
Chief Commercial Officer
Corrie MacColl Group
(CMC Group)

Mr Andrew Trevatt is a co-founder of Halcyon Agri and has overseen the daily commercial affairs of the Group since 2010. He has more than 30 years of experience in the natural rubber industry, having worked in various rubber and commodity related companies in the United Kingdom, The Netherlands, the United States of America and Singapore.

Mr Trevatt has now taken on the role of Chief Commercial Officer for the CMC Group and is responsible for implementing and managing its overall commercial and sales strategies.



Ng Eng Kiat
Managing Director
Halcyon Rubber Company
(HRC Group)

Mr Ng joined Halcyon Agri in 2013 as Chief Financial Officer. In addition to his CFO's role, Mr Ng also oversaw the Group's operations in China and Indonesia between 2017 and 2018. He was appointed Group Chief Operating Officer in mid-2018 where he was responsible for the overall Group's operations.

In late 2019, Mr Ng assumed the role of Managing Director for HRC Group and is responsible for the merchandising and risk management functions of the business unit, as well as oversight of the factory operations under the HRC Group. Mr Ng also sits on the board of directors of HeveaConnect Pte. Ltd., an associate company of Halcyon Agri which is at the forefront of digitalising the natural rubber supply chain to create a data-enriched, technology-powered ecosystem.

Mr Ng graduated from the Multimedia University in Malaysia in 2002 with a bachelor's degree (Honours) in Accounting. He is also a member of the Association of Chartered Certified Accountants and the Institute of Singapore Chartered Accountants.

Rubber Market Notes

OVERVIEW FOR 2021

After the global upheaval suffered in 2020 due to COVID-19, 2021 started upbeat. A release of pent up demand following gradual easing of lockdown measures since the second half of 2020, and massive stimulus by central banks around the world, has spurred a strong economic recovery throughout the most part of 2021. However, it was somewhat dampened by the uncertainties created by the emergence of new COVID-19 variants and the uneven pace of vaccination rollout globally.

The current global logistics infrastructure was insufficient to cater for the sudden surge in demand driven by flushed liquidity, which clogged up the container flows and supply chains, sending global freight rates skyrocketing. The signs were all there - the six-day blockage of Suez Canal by Ever Given in March 2021 merely brought the issue to global attention.



Linking this back to the natural rubber industry, while the surge in freight rates did not affect our profitability directly as we sell mostly on Freight-on-Board ("FOB") basis to our customers, the shipment delays due to container shortage has resulted in a marginal increase in the inventory holding costs.

All in all, despite the challenges, global natural rubber consumption in 2021 has increased 9.4% to 13.8 million mT¹ to continue its growth path pre-COVID.

On the other hand, the supply of natural rubber was affected throughout the year by recurring COVID-19 lockdowns imposed by governments, which affected the overall tapping rates and factory operating rates. The continuing cross-border controls and movement restrictions have left the harvesting and processing sectors undermanned for long periods – this is especially prevalent for Indonesia and Malaysia.

The below chart summarises the movement of the Shanghai Futures Exchange (SHFE) WF main contracts throughout the year. This is an indicator that a majority of natural rubber participants observe, mainly due to two factors: (i) China is world's largest natural rubber consuming nation; (ii) SHFE WF is the most liquid rubber futures and often influences the movement of related rubber futures in Singapore (SICOM) and Japan (TOCOM).



Stage 1 — Due to the pandemic, the strong demand for field latex has driven prices up, causing the spread between dry rubber and latex to increase. Concurrently, the warning signs of the logistics disruption has fuelled expectations that the deliverable contracts will be much than anticipated, which is normally taken as a bullish signal. As a result, fund money flowed into the SHFE WF contracts, sending it to a 3.5-year high.

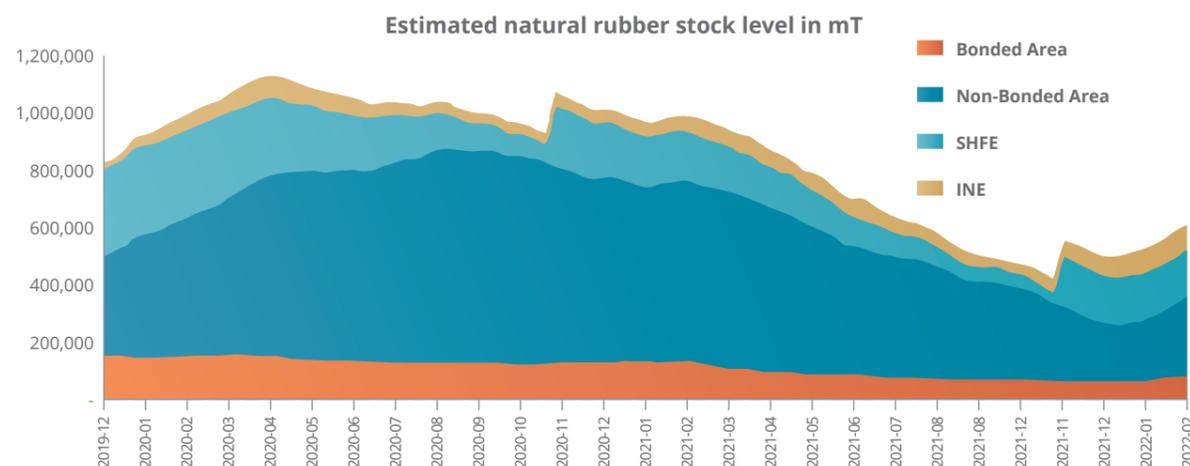
Stage 2 — The excess capacity for nitrile latex, due to an over-investment at the onset of the pandemic, as well as the improvement in overseas rubber imports have caused the SHFE WF contract prices enter into correction territory. As a result, the global natural rubber prices were sluggish during the period.

Stage 3 — Two pronounced factors caused the prices to be on a range-moving pattern: (i) On a macro level, the rumoured interest rate hike by the US Federal Reserve has placed a downward pressure on the commodities industry; (ii) On a micro level, the continued disruption of supply chain infrastructure has caused a shortage of natural rubber, and the domestic players had to draw down from the stockpile to fulfil the demand recovery. The range-moving patterns holds through the first two months of 2022.

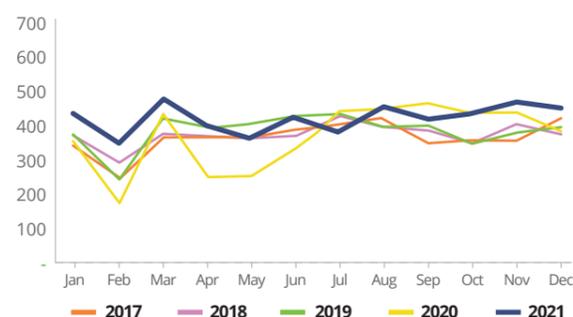
One of the key topics, if not the most, in the natural rubber industry in 2021, surrounds China's destocking of its natural rubber stockpile. For context, natural rubber is one of the strategic materials for China, and it is by far the largest natural rubber consuming nation. Hence, it is not unexpected that the country keeps a comparatively high natural rubber stockpile.

¹ Based on World Rubber Industry Outlook by International Rubber Study Group

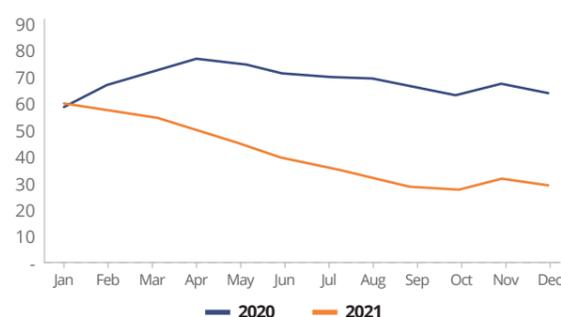
Rubber Market Notes



Tyre exports from China (in thousand mT)



China natural rubber stock level (in days)



Despite the stable operating rates in factories and the logistical congestion situation, China is exporting more tyres than ever, an indication of the strong automotive demand globally. Hence, China is drawing down from inventories to fulfil the surging demand, which caused overall stock level to continue dropping. They are now running on much lower stock reserves - equivalent to one month of domestic consumption as of now, more than halved from a year-ago period.

The recent increase in inventory balances to-date in 2022 could be a signal for the beginning of China's restocking exercise. However, as the usual sources which sell to China have diverted their products to the international markets, the remaining available supply might be insufficient to fulfill the restocking requirement of China.

OUTLOOK FOR 2022

What to expect from natural rubber in 2022? While difficult to nail down, judging from the trends, we suspect there will be stock depletion at both ends, origin and end-user. This is caused by the longer lead time from tree to product. As such, the inventory management policies of the businesses in destination markets have become "just-in-case", instead of "just-in-time".

It is anticipated that the further stepping up of economic reopening measures will boost the demand for the natural rubber, and the lifting of movement restriction means that more tappers will be able to return to work, providing some uplift to the supply. However, the supply recovery is expected to be gradual due to persistent supply chain constraint and labour shortages.

The most recent Russia-Ukraine conflict has driven a substantial increase in crude oil prices, with Russia being the world's second largest exporter of the commodity. As a result, synthetic rubber (styrene-butadiene rubber, nitrile etc) prices have spiked in tandem. This prompted the international tyre makers to switch where possible their formulas to use more natural rubber as compared to synthetic rubber, in order to contain the overall cost increase. Demand from Europe and United States tyre-makers remains relatively strong in 2022.

Separately, the evolution in healthcare industry post-pandemic will also drive the consumption of natural rubber, particularly latex-grades, which are typically used in protective materials such as gloves, masks and tubes. Overall, we anticipate the aforementioned factors will keep the natural rubber prices buoyed for 2022. Long-term supply-demand dynamics remain favourable.

Financial Highlights

Two words epitomise the Group's FY2021 financial performance: Strong Recovery. Amid the gradual recovery of global economy and supply chain disruption in FY2021, the Group has taken active steps in navigating the challenges and capture market opportunities to achieve a substantial improvement in results. At the same time, the Group further strengthened its strategic foothold and capital structure to capture future opportunities.

- **US\$17.0 million net profit.** Despite the global supply chain disruption, the Group's globally integrated operations enabled us to serve the customers in a timely and cost-effective manner, which facilitates the margin expansion. Plantation losses have narrowed as well due to higher yields from maturing plantations, realisation of latex premium in selling prices, and conscious cost management. The Group reported a net profit of US\$17.0 million, from a US\$60.6 million net loss in FY2020.
- **Effective working capital management.** Amid the prevailing operating environment, maintaining sufficient operating liquidity is critical to maintain the Group's competitiveness. The Group has exercised prudence in capital allocation and working capital management, and achieved a reduction in working capital days from 114 days in FY2020 to 86 days in FY2021.
- **Unlocking value of non-core assets.** Our ongoing deleveraging plan has also yielded positive results. The successful disposal of certain non-core assets raised US\$7.4 million in FY2021, with remaining amounts to be received in FY2022 upon completion of the disposal

transactions. The Group continues to focus on opportunistic disposal of the portfolio of non-core assets to unlock its value, and realise cash to reduce our group-wide gearing.

- **Completion of a significant long-term financing of US\$300 million** with a syndicate of Chinese banks. The successful refinancing of incumbent loan has strengthened the Group's capital structure and improve our operating liquidity.
- **Maximise shareholders' value.** On March 2021, HeveaConnect Pte. Ltd. has secured a US\$1.5 million investment from Singapore Exchange. As part of the transaction, the Group ceded its controlling stake by transferring c.15% of its stake to HeveaConnect Equity Trust. This move is in line with our strategic direction to own a non-controlling stake in a substantially more valuable company. The de-consolidation at a sizeable uplift in enterprise value since our initial investment resulted in a US\$7.6 million of gain of deemed disposal.
- **Enhanced the transparency of our business reporting.** In cognisance of drastically different business models of the plantation and distribution operations, the Group has improvised its segmental reporting to segregate the financial results of CMC Plantations and CMC International in FY2021. We believe that this change provides further clarity on the profit drivers of our business improves transparency of financial disclosure, and at the same time, highlight the efforts of our plantation team in improving the results. Up until FY2020, both segments are consolidated under CMC Group.

		2021	2020
Sales volume	mT	1,372,241	1,186,515
Revenue	US\$m	2,459.8	1,708.8
EBITDA	US\$m	69.3	1.8
Core EBITDA ¹	US\$m	52.4	6.0
Operating profits ²	US\$m	24.6	35.5
Core PATMI ³	US\$m	0.2	(43.7)
Efficiency of funds usage			
Total assets	US\$m	2,062.9	1,964.0
Total equity	US\$m	724.2	749.1
Return on assets ⁴	%	2.5%	0.3%
Return on equity ⁵	%	7.2%	0.8%
Return on capital employed ⁶	%	4.3%	0.5%
Leverage			
Term debts	US\$m	485.1	548.1
Term debt to equity gearing ⁷	time	0.67	0.73

Notes:

¹ Core EBITDA referred herein excludes fair value changes in biological assets and investment properties, disposal gains and one-off non-operational expenses, which are non-operational in nature

² Operating profits after excluding fair value gains and non-recurring expenses as well as extraordinary and exceptional items

³ Core PATMI refers to profit attributable to owners of the Company, net of tax, excluding changes in fair value of biological assets

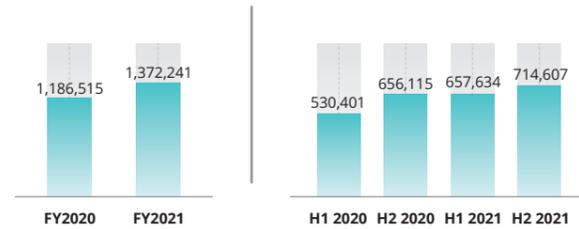
⁴ Return on assets: Core EBITDA divided by total assets

⁵ Return on equity: Core EBITDA divided by total equity

⁶ Return on capital employed: Core EBITDA divided by (term debts plus total equity)

⁷ Term debt to equity gearing: Term debts divided by total equity

Metric tonnes (mT)



Sales Volume

Sales volume increased c.16% from FY2020 to FY2021, as the Group captured opportunities along the downstream demand recovery, across both tyre and non-tyre sectors. Dissecting the figures into half-yearly basis, the Group registered consistent growth in sales volume since H2 2020.

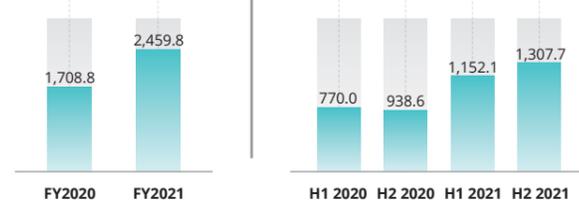
US\$ per mT



Revenue and Average Selling Price

Revenue increased by 44.0% from US\$1,708.8 million to US\$2,459.8 million in FY2021, buoyed by higher volumes and higher average selling prices. Average selling prices were higher than the average SICOM TSR20 prices from US\$1,677 per mT in FY2021 and US\$1,318 in FY2020, reflecting the Group's market positioning.

US\$m



We continuously review and calibrate our sales mix to balance between realisation of margins, and ensure our factory capacities are sufficiently utilised.

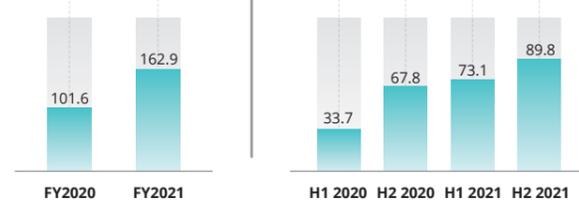
US\$ per mT



Gross Profit

Gross profit increased to US\$162.9 million in FY2021 from US\$101.6 million in FY2020, driven by increase in volumes and higher unit margins. The expansion in margins reflects the impact to the Group's effective margin capturing strategy, by positioning ourselves as a trusted partner of our customers and addresses their production and logistic requirements.

US\$m



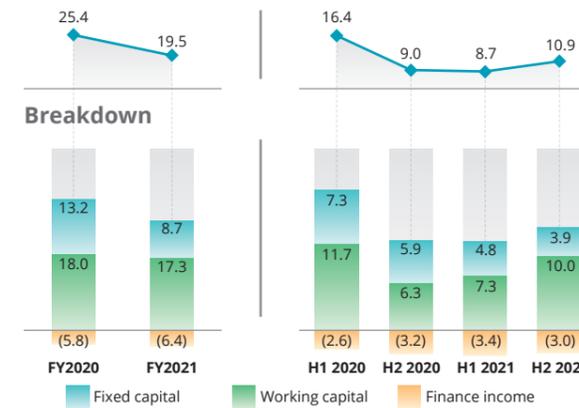
Core EBITDA

On the back of improved margin across the board, and reduction of plantation losses, the Group achieved Core EBITDA of US\$52.4 million in FY2021, which was 773.0% higher than FY2020. Through prudent cost management and effective customer relationship management, the Group has achieved continuous improvement in Core EBITDA.

US\$m



US\$m



Net Financing Cost

Working capital financing costs comprise entirely the interest expenses incurred for the funding of the Group's working capital turnover. Meanwhile, fixed capital financing costs represent the net costs from structural financing facilities that include term debt interests as well as financing income.

Net financing costs decreased by 23.2% from US\$25.4 million in FY2020 to US\$19.5 million in FY2021, driven by the lower global benchmark interest rates, as well as the availability of perpetual securities, for which its annual distribution of US\$7.6 million is categorised as an equity outflow. However, this was set off by higher utilisation of short term facilities to fund working capital investments, due to higher prices and improved demand.

PERFORMANCE BY SEGMENT

US\$'000 unless otherwise stated	CMCP		CMCI		HRC Group		Corporate		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sales volume (in '000mT)	21.9	18.1	370.3	349.8	1,057.5	881.5	-	-	1,372.2	1,186.5
Revenue to third party	2.3	1.0	711.2	532.3	1,746.3	1,175.3	-	-	2,459.8	1,708.6
Gross profits	3.8	(5.5)	65.2	27.2	94.1	80.3	-	-	162.9	101.6
Operating profit/(loss)*	(16.3)	(31.8)	26.8	(2.4)	22.6	15.1	(8.5)	(16.4)	24.6	(35.5)
Core EBITDA	(9.1)	(19.4)	30.9	2.4	45.3	40.5	(14.7)	(12.6)	52.4	6.0

*Adjusted for management fees, non-recurring expenses and fair value gains.

CMC Plantations (CMCP)

Majority of CMCP's plantations are currently in gestation phase and continued investments are required to nurture the plantations to reach maturity. During FY2021, CMCP recorded a biological asset fair value uplift of US\$6.8 million as compared to US\$3.5 million in FY2020 which reflects an improved value of the Group's investment in the plantations. Excluding the said fair value gain, the operating loss has narrowed down to US\$13.3 million in FY2021 from US\$32.1 million in FY2020 despite the increase in the operating costs from the increase in mature areas due to better profitability from higher selling prices and better yields.

HRC Group

Segmental operating profits, adjusted for the management fee, have improved as compared to the previous year, due to higher volumes are reflective of the strengthened demand (especially in the automotive sector), where the global economy is on the cusp of recovery towards late FY2020, having just exited the widespread lockdown occurred a few months prior. Despite higher demands, HRC was affected by supply scarcity-driven margin compression especially in Indonesia, a situation of which did not occur in FY2020.

CMC International (CMCI)

CMCI tapped on its effective supply chain management strategies and entrenched customer relationships amid the global supply chain disruption, and recorded a marginal increase in sales volume. Gross profit more than doubled from FY2020, driven by the surge in demand for domestically stocked natural rubber and latex. As a result, operating profits surged to US\$26.8 million in FY2021, from breakeven in FY2020.

Corporate

The segment covers the key administrative and support functions of Group. Operating losses decreased from US\$16.4 million in FY2020 to US\$8.5 million in FY2021, mainly due to higher issuance costs of reported securities and the syndicated financing, from a perpetual lower base in FY2020. The Group continues to seek cost efficiency amid a challenging operating environment.

FINANCIAL POSITION

The table below summarises the management's assessment of the Group's capital structure:

US\$ million	Balance at	
	Dec-21	Dec-20
Net working capital assets ¹	627.2	547.3
Cash and cash equivalents	33.4	45.7
Loan receivables	63.5	66.0
Total net working capital employed	724.1	659.0
Working capital loans	601.8	463.5
% Efficiency of Working Capital Funding	83.1%	70.3%
Operational long-term assets ²	1,055.7	1,070.1
Non-core assets ³	42.2	43.6
Total	1,097.9	1,113.7
Other borrowings	496.0	560.1
% Fixed Asset Gearing	45.2%	50.3%
Total equity (excluding perpetual securities)	531.6	556.5
Perpetual securities	192.6	192.6
Total equity (including perpetual securities)	724.2	749.1
Term debt to equity gearing ⁴	0.67 times	0.73 times
Net asset value (NAV) per share ⁵	US\$0.45	US\$0.47
Cash conversion days	86 days	114 days
Accounts receivable days	24 days	34 days
Accounts payable days	9 days	8 days
Inventory days	71 days	88 days

Notes:

- Net working capital assets for the Group are defined as the sum of operational trade and other receivables, net derivative assets, inventories, assets held for sale, net off against trade and other payables.
- Operational long term assets of the Group are defined as intangible assets, PPE, plantation and biological assets, and other non-current assets and right-of-use assets, net off against non-current liabilities.
- Non-core assets mainly made up of investment properties.
- Gearing = Term debts divide total equity
- NAV per share = Total equity divide total shares outstanding (1,595,011,941 shares)

The Group's net assets have reduced from US\$749.1 million in December 2020 to US\$724.2 million in December 2021. The key reason of the reduction is due to the translation loss from foreign operations and distribution to perpetual securities holders, set off by the net profit for the year.

The Group continues to maintain a stable funding base, where financing tenors are matched, cash balances are unencumbered and fixed assets are sustainably financed.

Working capital funding efficiency increased to 83.1%, mainly driven by utilisation of higher working capital loans at year end, in line with the increase in rubber prices and high volumes to meet the demands in 2022.

Fixed asset gearing decreased from 50.3% in December 2020 to 45.2% in December 2021, mainly due to increase in asset base due to continuous investment into immature upkeep across our plantation platform.

CASH FLOWS

US\$ million	Dec-21	Dec-20
Operating cash flow before working capital changes	40.4	28.0
Changes in working capital	(73.4)	(36.4)
Tax (payment/refund)	(1.6)	5.8
Net cash flow from operating activities	(33.6)	(1.5)
Net cash flow from investing activities	(18.7)	(38.6)
Net cash flow from financing activities	41.8	26.4
Net changes in cash and cash equivalents	(10.5)	(13.7)

Operating cash flows

Operating cash flows before working capital changes increased from US\$28.0 million in 2020 to US\$40.4 million in FY2021, reflecting cash-generating capabilities of the Group's core operations. Due to the effect of higher prices and stronger demand, the cash flows from operations have to be reinvested into working capital, and further supplemented by short term loans. However, the Group's effective working capital cycle management has contained the increase in net cash used in operating activities at US\$33.6 million for FY2021.

Investing cash flows

Net cash used in investing activities have decreased, from US\$38.6 million in FY2020 to US\$18.7 million in FY2021, due to lower capital expenditures as well as the proceeds from disposal of non-core assets of US\$7.3 million. For context, included within the net cash flow used in investing activities are capital expenditures of US\$28.1 million and US\$34.4 million in FY2021 and FY2020 respectively.

Financing cash flows

Net cash generated from financing activities has increased from US\$26.4 million in the previous year to US\$41.8 million in the current year, mainly due to net proceeds from borrowings of US\$85.1 million to support the group's working capital requirements, as explained above. It should be noted that net working capital is self-liquidating in nature, and the proceeds from liquidation of working capital will be used to repay the short-term loans after around 90 days of cash conversion cycle.

CAPITAL STRUCTURE MANAGEMENT

Treasury management

Treasury management is carried out by the business units, and coordinated by group treasury, in accordance with established policies and guidelines. Policies and guidelines have been regularly updated to take into account changes in the operating environment. Working capital requirements and capital expenditures are funded by a mix of short-term and long-term loans.

We closely monitor relevant emerging regulations, which may potentially impact the way that we obtain our finances or introduce any operating constraints. We are kept updated of the latest development in debt markets and to arrange new financing as opportunities arise. Our consistent approach has helped us in building a strong working relationship with the bankers.

Cash and cash equivalents, as well as undrawn committed facilities, are available for drawdown at short notice.

Financing profile

Halcyon has access to different sources of financing. We decide on the financing approach that is best suited for our prevailing business needs, bearing in mind the risk of concentration. Hence, we have a diversified source of financing and borrow on both secured and unsecured basis.

As of 31 December 2021, the Group had total bank borrowings of US\$1,086.9 million, comprising:

Working capital loans of US\$601.8 million (55%): These are mainly related to the financing of working capital turn, in which the cash conversion cycle typically takes a lead time of c.90 days.

Term loans of US\$485.1 million (45%): These loans typically bear a repayment tenor of more than one year, and drawn to finance our investments into factory assets and plantations.

Capital management

In managing our capital structure, we aim to find the right balance between shareholders' funds and external borrowings in order to maximise shareholder returns.

In achieving the optimal capital structure, we may either renew and refinance existing borrowings, obtain new borrowings, or deleverage by way of equity issuance, capital raise at subsidiaries level, as well as opportunistic disposal of non-core assets.

Having access to flexible and cost-effective financing allows us to quickly respond to opportunities. In our view, the Group has adequate sources of financing to meet our business requirement in the foreseeable future. We also use a combination of short-term and long-term debts in financing our operations, depending on the cash flow profile of the prevailing investments. Most of our drawdowns are in US dollars, being the underlying currency of natural rubber trades.



“We believe ESG is an area of importance in the future to ensure smallholders have sustainable income and every natural rubber producer have sustainable profits, while ensuring that society and environment are being protected.”

Operations Review

The COVID-19 pandemic has emphasised the importance of the natural rubber to global mobility and transportation (tyres), to household and healthcare applications (gloves, tubes etc). Natural rubber is essentially needed in every aspect of our day-to-day lives.

Natural rubber in its raw form, is in liquid latex harvested from rubber trees, *Hevea brasiliensis*. These are then put through a series conversion processes, by mid-stream processors like Halcyon Agri, to facilitate the production into end products that is used by the consumers. Halcyon Agri’s integrated global network gives us control over the entire value chain.

In this section, we share a bit more insights in our global operations which played a major part in ensuring the timely production and delivery of this critical raw material to its users.

HALCYON RUBBER COMPANY (HRC)

As the pre-eminent supplier of natural rubber to the global fraternity, HRC has 35 factories located across major rubber origins, and produce sustainable natural rubber under the proprietary HeveaPro brand. Its global scale and reach places it at the pole position to reap benefits from the demand recovery following the global easing of COVID-19 lockdown restrictions.

Factories by Regions	Effective Production Capacity ¹ (mT)
Indonesia	724,000
Malaysia	93,000
Thailand	258,000
China	192,000
Ivory Coast	72,000
Total capacity	1,339,000
2021 production volume	846,914

On top of that, HRC also have distribution units at strategic locations to facilitate the distribution of both HeveaPro and third-party products. Together with its distribution volumes, to which mainly targeted to China market, HRC achieved a combined sales volume of 1.06 million mT across its global operations.

As demand recovery gains momentum over 2021, sales volume returned to pre-pandemic levels. The strong influx of orders has pushed the rubber prices to a higher level during the year. Notwithstanding the bullish factors, the natural rubber industry has been facing certain headwinds during the year:

- **Supply chain disruption:** The COVID-19 pandemic triggered global manufacturing slowdown, which affected global economic activity. As the world swung back to higher levels of economic activity in late 2020 at a pace that the global freight transport system could not cope with, supply chains were disrupted and resulted in a worldwide logistics logjam. This had a pronounced and ongoing impact to the transit time and freight cost.

- **Manpower shortage:** The trend that smallholders leave rubber farming and switch to crops with better returns or engages in non-agricultural activities, has led to a surge in demand for foreign workers for rubber tapping. The border restrictions imposed in the countries where the Group operates, have worsened the longstanding manpower crunch in the rubber tapping activities, and exacerbated supply scarcity.
- **COVID-19 effects:** The production activities of both ours and our customers’ factories were heavily disrupted by recurring shutdown orders during 2021, as part of lockdowns imposed by local governments to curb the spike in COVID-19 infections. However, the situation has improved towards the end of the year following the increase in vaccination rates, as well as the government’s commitment to step up the opening of economy.

Demand: Market Review

International market: The reopening measures in United States and Europe have boosted the demand for private cars due to safety considerations. The surge in both OEM² and replacement tyres have resulted in international tyre makers ramping up their production volumes, and seen their manufacturing plants running at full capacity. Out of the 1.06 million mT sold by HRC in 2021, a sizeable portion has been sold to international tyre makers, which boasts household tyre brands such as Bridgestone, Michelin, Goodyear and Continental amongst others. The strong downstream demand, coupled with supply chain pressure (such as high freight costs, delivery delays, high material prices), have prompted the tyre majors to increase their selling prices multiple times over the past 12 months.

China market: The Chinese tyre makers faced similar situation as their international counterparts during 2021. However, the effect is less pronounced as the tyre makers are drawing down the natural rubber inventories from their bonded warehouses, to supplement the lack of imports. That said, inventory build up has been observed at factories due to the lack of containers shipping the tyres to the regular consumption market. The sky-high

¹ Effective Production Capacity represents the maximum production level achievable based on machinery capability of factors, after accounting for preventive maintenance windows
² Original equipment manufacturer

freight costs situation has rendered the China-produced tyres, which are historically cheaper, to be no longer competitive. To give an analogy, one TEU (twenty-foot equivalent unit container) with 24 mT load capacity shipping TSR³ is more cost-competitive than shipping tyres of equivalent weight.

It is worth noting that substantial majority of the natural rubber produced globally, about 85-90%, comes from smallholder farmers, for which the price elasticity is less apparent as it ties to their livelihood. As such, our processing margins would very much dependent on raw material availability regardless of price levels, as well as the realised selling prices.

As a rubber processor, our selling prices are mainly dictated by futures prices (SICOM, SHFE or INE⁴), which may not reflect the true cost of production in producing countries. This is especially true in Indonesia, whereby the raw material prices diverged from the traditional SICOM futures prices. As a result, our LTC prices, which is usually benchmarked against average SICOM prices of preceding month, suffered. On the other hand, during the year, we see that spot physical prices achieved almost US\$180 above SICOM level on a per mT basis, which is a rare instance. Such anomaly indicates serious supply condition in Indonesia.

Indonesia being the second largest natural rubber producing nation, is now at crossroads with respect of its future place in the natural rubber landscape, with persistently low rubber prices in the past ten years, caused underinvestment in maintaining the existing rubber plantation areas, and a decline in future supply. If this situation persists, we foresee there might be a tipping point in the domestic landscape, whereby smaller producers will be phased out gradually due to financial weakness, until a point where raw materials availability in Indonesia eventually be matched with production capacity, reaching an equilibrium.

In **Thailand**, as certain producers faced financial pressures and lost competitiveness, competition for raw materials are now less intense, which facilitated better processing margins. At the same time, with the slowdown

in buying from China due to aforementioned factors, the Thai rubber producers are able to channel their products to the international market, which normally commands a higher sales premium.

Ivory Coast is an up and coming region with the potential to be one of the top natural rubber origins in near future. As of 2021, they are already the world's fourth largest natural rubber producing nation, after Thailand, Indonesia and Vietnam. Close proximity to Europe and United States accords the nation with logistical advantage, as the shipping costs from Africa is considerably cheaper as compared to shipping from Asia. Furthermore, the local government's efforts in promoting rubber planting as a source of stable income, has led to an abundance of raw materials now, which offers a lot of growth opportunities.

Our global presence meant that we are poised to capitalise on opportunities by bringing raw materials from one country to another to improve production levels (e.g. our factories in Southeast Asia can import raw materials from neighbouring countries or West/Central Africa, as and when opportunities arise). This allows us to manage our group-wide raw material intake costs, increase our factories utilisation and optimise our production costs globally.

Key Priorities

The key priorities moving ahead encompass the following: Quality, Efficiency and Sustainability.

Quality is our way of life, as we continue to embrace HeveaPro Industrial Standards as guiding principles for production of sustainable natural rubber. Simultaneously, HRC prioritises efficiency by consistently benchmarking the efficiency of our operations, not only with our competitors, but also amongst intra-group factories, to identify opportunities for improvement. Finally, in line with the Halcyon Agri Group's principle that sustainability being a core business tenet, HRC will continue to enhance its ESG capability and performance.

HRC Group with 35 factories strategically located across 5 countries, produces high quality natural rubber for our customers, which is one of the key strengths for Halcyon Agri. With our business closely related to smallholders in developing countries, we believe ESG is an area of importance in the future to ensure smallholders have sustainable income and every natural rubber producer have sustainable profits, while ensuring that society and environment are being protected.

– Ng Eng Kiat, Managing Director of Halcyon Rubber Company



³ Technically Specified Rubber
⁴ SICOM = Singapore Commodity Exchange; SHFE = Shanghai Futures Exchange; INE = Shanghai International Energy Exchange

CMC INTERNATIONAL (CMCI)

CMCI has long prided itself on its entrenched position in key sourcing markets. Equipped with a globally diversified distribution team and logistical assets, CMCI was well positioned to operate in this challenging environment. Procurement offices in Southeast Asia capitalised on the strong relationships with Halcyon Agri's group-wide factories and third-party producers to successfully procure natural rubber from over 20 origins, despite a global scarcity of raw material. The three largest sources of supply in 2021 were Thailand (27%), Indonesia (18%) and Vietnam (15%).

Distribution offices spanning China, Europe and North America, with representatives in Africa and South America distributed 310,000 mT of natural rubber and latex to over 700 destinations. Our just-in-case strategy of holding rubber and latex, facilitated through our global network of warehouses and tank installations, allowed for quick delivery to customers who had not anticipated the higher demand.

While bottlenecks in the supply chain squeezed supply, our local distribution offices worked as a global team, in managing the global order books, and sharing inventories to minimise any delays to customers. Our ability to provide value-added services has enabled us to serve our customers more effectively.

Overall, 96,000 mT of latex, 193,000 mT of natural rubber and 20,000 mT of synthetic rubber was distributed mostly to EMEA countries (42%) and North America (30%). A majority of these materials was used in the automotive and consumer goods industries, while 35,000 mT (11%) were delivered for the manufacturing of gloves and other medical supplies.

In a challenging year especially on the logistics side, the collective experience of the Corrie MacColl teams and our deep knowledge of product and distribution business has in most cases helped our global customer base receive their products in a timely manner. Notwithstanding the challenges foreseen in both market and logistics factor in near future, we will keep on doing the best we can to ensure our customers' requirements are fulfilled on a timely basis.

– Andrew Trevatt, Chief Commercial Officer of Corrie MacColl



CMC PLANTATIONS (CMCP)

CMC Plantations' combined population of over 50,000 people made 2021's priority to safeguard our people from COVID-19 infections. Large-scale awareness campaigns and vaccination drives were coordinated across our plantations, with encouraging results. The entire workforce in our Malaysian plantations have been fully vaccinated, while our Cameroonian plantations managed to achieve an employee vaccination rate three times that of the national rate.

Despite the restrictive measures in response to COVID-19, CMC Plantations had a successful operational year. Export targets and imports of critical materials across the plantations were not affected despite the global freight disruption.

In Cameroon, Sudcam's total production was 2,401 mT for 2021. This is an increase of 80% from 2020 due to tapping commencement in 1,175 hectares of newly matured areas, complemented with a higher-than-expected yield due to efficient tapping process. 2021 was the first full year of the new Sudcam centrifuge factory with first exports of 1,385 mT shipped to Europe and North America. The factory boasts advanced sustainability technologies including a zero effluent water treatment and solar panels that supplies green energy. The factory was also awarded the ISO 9001 quality management certification.

Hevecam's field production of 15,848 tonnes was an increase of 16% over 2020 due to an additional 650 hectares newly matured areas being harvested, and an overall improvement in operational efficiency. The commercial decision to maximise latex production has resulted in higher revenue and profits due to latex market premiums. Total exports rose to 21,141 mT following higher production coupled with a 59% increase in third-party purchases from smallholders and other plantations to maximise factory utilisation. Hevecam expects to apply for FSC certification over the next twelve months.

The certification, which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests will cover approximately 15,000 hectares of Hevecam's planted land. At peak production, it is forecast that Hevecam will produce up to 27,000 mT of FSC certified rubber annually.

In JFL, our Malaysian plantation, fresh fruit bunches production increased to 9,666 mT, up 16% from 2020. This was the result of more areas coming into maturity. JFL's rubber trees are still immature although this is on schedule to start tapping in 2023. Our management team was proud to deliver the successful MSPO certification for all three JFL oil palm estates of Lebir, Ulu Nenggiri and Laloh. At the same time, the plantation was able to reduce its chemical usage by over 35% per hectare year on year.

Communities engagement was prioritised across the plantations in 2021. JFL partnered with a local NGO to develop a stakeholder engagement plan that ensures inclusivity of its surrounding communities. Additionally, Hevecam and Sudcam in Cameroon continued their 5-year Social Action Plans with the surrounding local and indigenous communities. This community engagement programme, led by local NGOs, includes access to water, medical care, educational support, protection of biodiversity, access to energy, as well as access to housing.

The successful pilot year of the Cameroon Outgrower Programme saw 160 smallholder farmers financed resulting in 200 hectares planted. Over the coming years, the programme will provide micro financing to 13,000 smallholder families to reforest 27,000 hectares of current fallow or low yielding land with rubber and other cash crops. Agroforestry techniques will be applied to plant cash crops to provide immediate income until the core crop of rubber matures. The first fundraising tranche is expected to close in the next month, securing the first five years of planting.

INNOVATION

Innovation is an important aspect in our business, which underpins our efforts in pursuing 360° Excellence to achieve our Vision. The results of entrenched innovation culture are evident in the various projects and initiatives that was implemented by our employees around the world, in establishing ourselves as a model corporate citizen: Managing the environmental impact, relentlessly improving our quality and efficiency, while ensuring our people and communities are taken care of.

In 2021, Halcyon Agri has established Innovation Awards, to recognise the efforts from our global teams for their dedication in pursuing excellence through innovative solutions.

The awards are being established in the following key categories. The award review committee was pleasantly overwhelmed by both the quality and quantity of the nominations submitted by the teams.

Category	Description	Featured Projects
Social Innovation	Innovations that create lasting shared value through effective stakeholder engagement. Beyond philanthropy and donations, the initiative demonstrates mutual gains for both the company and stakeholders involved.	Football tournament in Cote d'Ivoire, a project that not only helped to strengthen the tie between the company with the local community but also promoting a healthy lifestyle among the large population of youth in the local community. In the medium to longer term, the project will also help to attract a large pool of younger workers to be part of Halcyon Agri family.
Eco-Innovation	Contribution to environmental sustainability through application of innovative solutions.	To minimise our environmental impact to the local community and to alleviate the malodour issues, which is a perennial problem faced by natural rubber processing factories, our team in Thailand installed a bio-filter system. The system eliminated stack emission by channelling exhaust from the dryers through a bed of woodchips to allow components of malodour to be broken down through a biological process.
Technology Innovation	Contribution to improve product quality, process efficiency, or general factory operations through application of innovative solutions.	Our team in China has automated the rubber bales packing process. This automation made the packing process less labour-intensive and safer by reducing the strenuous manual handling of rubber bales, ultimately improving operating efficiency.



Socio-Innovation: Football tournament in Cote d'Ivoire to engage the community and build up pipeline of young workers



Eco-Innovation: Bio-filter system in Thai factories to minimise malodour



Technology-Innovation: Automated rubber bale-wrapping process in China to improve operational safety

Keeping our large workforce and supporting communities safe and healthy during the COVID-19 pandemic continued to be our main priority. Despite the challenges, the Corrie MacColl Plantations team worked hard in optimising our operations to successfully open new production area, begin commercial operations at our Sudcam latex factory, and advance our sustainability program. I am very pleased that we achieved these key milestones in such a challenging year.

– Lee Chestnutt, Chief Executive Officer of CMC Plantations



In Halcyon Agri, the desire to innovate is always encouraged and the spirit of innovation is sustained through the support and involvement from the senior management. Behind every innovation are our dedicated teams who have fully internalised our vision to be the leading natural rubber global franchise and to effect meaningful change in the industry and we are truly proud of every one of them.

– David Li Xuetao, Group Chief Executive Officer



The Board as a whole is responsible for the governance of risk and the overall internal controls framework. Through its Audit Committee, the Board devotes significant attention to ensure an effective system of risk management and internal controls is established, to safeguard the Group's investments and those of our Shareholders, and ensure that risks are managed in the Group's best interests. Risks are proactively managed and embedded in the Group's planning and decision-making process as well as day-to-day operations.

Our Risk Register is reviewed regularly to ensure risk mitigation measures are symmetric with market environment and the Group's operations. The Audit Committee is apprised of any material changes as soon as they are identified or on a quarterly basis of macro-environmental developments and any impact arising with regard to the following key risks of the Group.

RISK	CAUSE	IMPACT	MITIGATION MEASURES
PRICE RISK Fluctuations in the price of natural rubber and rubber products	<ul style="list-style-type: none"> Weather, political and geopolitical changes, futures market activities and currency movements Overstocking of inventories 	Price volatility directly impacts the Group's profitability/performance	<ul style="list-style-type: none"> Utilise forward physical contracts and/or derivatives to manage the Group's open positions Daily reports on market positioning and mark-to-market prices to facilitate the Group's decision making
CREDIT AND COUNTERPARTY RISK Customer defaults and counterparty's failure to meet contractual obligations	<ul style="list-style-type: none"> Adverse market movements and volatile market price Inadequate screening of customer and counterparty Inadequate monitoring of outstanding contracts and/or receivables 	<ul style="list-style-type: none"> Customer defaults resulting in loss of revenue Breach of counterparty obligation resulting in additional costs 	<ul style="list-style-type: none"> Transact only with credit-worthy customers or counterparties Periodic review of credit terms granted against collaterals obtained Periodic review of granted and utilisation of credit limits and transaction limits Credit insurance to protect against potential default Monitor Mark-to-Market positions of all open contracts
LIQUIDITY RISK Insufficient liquidity to consistently meet obligations as well as to cater to changing business models	<ul style="list-style-type: none"> Longer-than-expected working capital cycle Bank reduces or cancels banking facilities Mismatched asset acquisitions with tenure of funding obtained 	Insufficient working capital resulting in inability to meet obligations on time, disruptions to operations or even impacts ability of the Group to meet its business objectives	<ul style="list-style-type: none"> Manage liquidity by matching between sources of funds and intended purpose Maintain sufficient headroom on unutilised committed banking facilities at all times Monitor and continually optimise working capital cycle
INTEREST RATE RISK Fluctuation in interest rate for loans and borrowings	Macroeconomic outlook, currency movement, political and geopolitical disruptions	<ul style="list-style-type: none"> Interest rate hikes could increase the Group's financing costs and affect the Group's results and liquidity Missing opportunities on securing financing at favourable interest rates 	<ul style="list-style-type: none"> Align cash availability with repayment terms of facilities Actively monitor interest rate trends Monitor and continually optimise working capital cycle Cost of financing included in cost estimations for contracts
FOREIGN EXCHANGE RISK Fluctuation in forex rates	Macroeconomic outlook, political and geopolitical changes	Inadequate hedging and unfavourable movements in exchange rates resulting in forex losses	<ul style="list-style-type: none"> Monitor exchange rate movements and unhedged foreign currency exposure on an ongoing basis Employ hedging instruments to manage exposure
BIOLOGICAL ASSETS RISK Suboptimal performance of biological assets	<ul style="list-style-type: none"> Unpredictable planting/replanting conditions (e.g. soil and weather conditions, plant diseases and pests) Extreme weather conditions/animal intrusions causing damages to trees 	Inefficient asset utilisation and lost profits as the Group would have to procure from third party sources to make up for any suboptimal yield of existing trees	<ul style="list-style-type: none"> Experienced in-house plantation team, supported by the services of qualified professionals as required for planting/replanting matters Periodic review of open positions between Sales Contracts and inventory levels Periodic review of actual versus budget yield from plantations
SOCIAL AND POLITICAL RISK Risk of changes in socio-economic and political climate	Socio-economic and political development (e.g. issues of labour laws, human rights, environmental protection) that have serious impact on local population	<ul style="list-style-type: none"> Improper management of such issues could negatively affect the Group's reputation Disruptions to operation resulting in deviations from expected financial performance 	<ul style="list-style-type: none"> Leverage expertise and knowledge of local management and consultants to actively monitor social and political risks Diversify operations in different countries Sales contracts provide terms allowing substitution of similar products from other sources
LEGAL AND COMPLIANCE RISK The Group operates in many different geographic locations with diverse cultures and local customs	Not being updated with changes of legal and regulatory requirements in respective geographical locations	<ul style="list-style-type: none"> Failure to comply with local laws and regulations may result in the Group being involved in litigations pertaining to claims and disputes Penalties/fines, disruptions to operations or even cessation of business from revocation of licenses The Group's reputation is affected 	<ul style="list-style-type: none"> Maintain active communication with internal and external legal advisors Proactively engage in discussions with local governments, regulators and industry leaders Policies and procedures aligned with local regulations are in place and communicated to all employees for compliance Grievance procedure and whistleblowing policy in place to provide avenues for internal/external stakeholders to report on compliance issues
TAX AND COMPLIANCE RISK Risk in determination of our tax entitlement and obligation	Uncertainty regarding the application and interpretation of tax laws; not updated with changes in tax rules given the size and vast geographic scope of our operations	Failure to comply with tax rules which result in additional taxes, interest and penalties payable	<ul style="list-style-type: none"> Deploy proper resources, either with employees of relevant technical expertise and with adequate local knowledge or engagement of external advisors or both where necessary In situations where there is inconsistent interpretation of tax laws, proactively engage with the relevant tax authorities to ensure tax issues can be resolved in an equitable, timely and cost effective manner

OUR APPROACH TO TAX

We are committed to ensure compliance with the law and relevant statutory compliance obligations.

We target to achieve optimal tax position for the Halcyon Agri Group – which does not always mean the lowest tax result possible in every transition, but rather an equitable one.

We respect and comply with the laws of the jurisdictions in which we operate which we knew or ought reasonably to have known.

We will not enter into artificial arrangements in order to artificially transfer profits from one business location to another in order to avoid taxation.

We support simple and competitive tax rules and stand by the principle that the taxing rights of countries should commensurate with where the economic activity occurs so as to support economic growth and job creation.

The Group Chief Financial Officer has overall responsibility for tax matters and is responsible for ongoing tax compliance and management of tax risks and exposures.

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Governance and Sustainability

Halcyon Agri firmly believes that upholding the highest standards of corporate governance practices is critical to ensure sustainable growth and success of the Group. We are committed to enforce best practices and all material principles of the Code of Corporate Governance 2018, as well as all other applicable laws, rules and regulations. Through progressive and proactive engagement with our stakeholders, including the regulators, governments, industry leaders and industry associations across jurisdictions where we have presence, we understand stakeholders' perceptions and expectations, which are the key to create and maintain meaningful and mutually beneficial relationships.

The Company ranked among top 7% (34 out of 519 companies) of companies listed on the Singapore Exchange in the Singapore Governance and Transparency Index 2021. It has been placed on the SGX Fast Track programme since 2019. This programme was launched by Singapore Exchange Regulation (SGX RegCo) and aims to affirm listed companies that have been publicly recognised for high corporate governance standards and have maintained a good compliance track record. Companies under this programme will receive prioritised clearance on selected corporate action submissions to SGX RegCo.

Board Responsibility

The Board has overall responsibility for the company's sustainability vision. Under the Board's leadership, six key capitals: financial, manufacturing, intellectual, human, social and natural capital are allocated in the best interests of shareholders and key stakeholders.

The Board identifies and considers all relevant environmental, social and governance ("ESG") factors when reviewing the Group's strategy, risk management, and business plans. It ensures that ESG factors (including climate-related issues) that are material to the Group's long-term goal and viability are integrated into its overall business strategy. The Board reviewed the evaluation carried out by the Sustainability Department in 2021, and has identified Quality Excellence as one of the Group's key ESG factors. Its decision is in line with the Group's mission to be a leading sustainable supply chain manager that delivering high quality products and providing exceptional services, through the extensive quality management systems which have been implemented across the Group's business operations.

The Board establishes and maintains a sound risk management framework and adequate internal controls, setting risk appetite to achieve an appropriate balance between risk and the Group's performance. When necessary, the Board would engage professional services to identify impacts, risks, and opportunities, as well as to conduct comprehensive studies on issues or concerns relating to the Group's operations and business, including but not limited to climate-related

risks and opportunities. The Board welcomes the recent amendments to the sustainability reporting for financial years commencing 2022 introduced by Singapore Exchange and believes that providing climate reporting on a 'comply or explain' basis improve the quality of sustainability disclosures. It will ensure the Group is prepared to combat the risk and consequences of climate change, and enhance its business climate resilience.

Reporting and Assurance

Ultimately, the Board has overall responsibility for the Company's ESG strategy, reporting and determining the approach management takes in addressing sustainability matters. As part of the initiatives and approaches to maintain and enhance trust with stakeholders, the Group has been subscribing to external review including EcoVadis¹, certifying its business practices against international quality, health, safety and environment ("QHSE") management systems, and implementing industry-tailored HeveaPro Industrial Standards. The Board will remain attentive to expectations for its sustainability disclosures, and will consider external assurance on its sustainability reports when appropriate.

Composition and Competence

The Board adopts an inclusive decision-making approach to balance the needs and interests of the Company's material stakeholders. It has a written Policy on Board Diversity which endorses and promotes the inclusion of different perspectives and ideas. Aligned with the regulator's effort to working towards increasing the representation of female on boards, the Board has recently reviewed and updated its policy and set a target of 10% of female representation on Board by 2022.

To ensure the directors of listed entities receive a baseline and common understanding of sustainability matters, Singapore Exchange has mandated sustainability training for all directors after the conclusion of its consultation launched in August 2021. The Company has since arranged for all its Board members to undergo training on sustainability matters, the Environmental, Social and Governance Essentials programme organised by the Singapore Institute of Directors in May 2022, which is the first training course following the new listing rule effective from 1 January 2022.

Sustainability Management

With the support from the Board, the CEO supervises the management of material ESG issues and integrates them into the day-to-day management and operations of the Group. The CEO capitalises on the expertise of its management team and delegates sustainability related duties to the appropriate team members. For instance, the Managing Director – HRC Group leads and represents

the Group's interests in industry-led sustainability discussions, including engagement with GPSNR. The CEO – Corrie MacColl Plantations, on the other hand, proactively maintains strategic relationships with key civil society groups and NGOs. Together, they champion the sustainability agenda of each business segment with the support from CEO and the Board, to achieve group-wide sustainability targets. In 2021, they became senior sponsors to the participation of QHSE and Sustainability Departments in a global program by the UN Global Compact. The program were on setting Sustainable Development Goals (“SDG”) and Climate Ambitions, and serve as key step in assessing climate-related risks and opportunities for the Group.

The Sustainability Department formed in 2019 comprises dedicated team members to support, unite and reconcile the sustainability agenda of the different business segments across the organisation. To strengthen the Group's implementation of HeveaPro Social Responsibility standards, the department established a network of Corporate Social Responsibility (“CSR”) Coordinators at each of the Group's key operating areas. The CSR Coordinators are responsible for driving the Company's social responsibility standards and practices in their operations and work alongside key functions such as (“QHSE”) and Human Resources (“HR”) teams, to ensure a holistic and harmonised sustainability approach across the Group.

Policies, Standards and Compliance

The Group has put in place a number of policies, standards, and systems for raising concerns as part of a strong ethics and compliance function. Our employees are required to adhere to, and comply with the Group's policies and embrace high standards of ethical business conduct.

As one of the world's largest supplier of natural rubber and the owner of sizeable plantations, Halcyon Agri understands its role and obligation in minimising impact to the environment while continuing to meet the growing demand for a critical natural resource. In August 2021, the Group successfully aligned its sustainability policies, especially the Sustainable Natural Rubber Supply Chain Policy (“SNRSCP”) with the of Global Platform of Sustainable Natural Rubber (“GPSNR”) Policy Framework. The Framework, a set of over 20 commitments approved by the GPSNR General Assembly in 2020, articulates expectations of every member for the sustainable development of the natural rubber industry.

On the other hand, our Sustainable Sourcing Policy articulates our requirements to suppliers. Established

in 2019, the policy embraces our commitments to the SNRSCP. As we work very closely with raw material sources, we understand the complexities and challenges faced by our suppliers. Further details of this policy are elaborated in the succeeding sections relating to supply chain engagement.

Other key policies of the Group, including but not limited to anti-corruption and anti-bribery policy, human rights and ethical business practice, anti-harassment, as well as environment, health and safety are embedded into a Global Employees Policies handbook which is communicated to every employee through our mandatory induction programmes.

To supplement the implementation of the Group's policies, open door policies and whistleblowing framework are also in place to provide employees and/or third parties a trusted avenue to share their questions, concerns, suggestions or complaints and to ensure that their concern are addressed in the most appropriate manner.

Halcyon Agri's Whistleblowing Policy provides the mechanism for reporting concerns involving unethical or unlawful behaviour relating to Halcyon Agri, its employees, vendors, customers and other relevant stakeholders. All concerns raised including those reported anonymously, will be handled in strict confidence, treated fairly and assessed independently. The mechanism also commits to protecting the whistleblower against reprisal and harassment. All reports are filed directly to the Audit Committee.

Ethics and Anti-Corruption

In 2021, we maintained a laudable record of zero confirmed incidents of corruption involving our employees. The Group continues to improve its ethics training practices and ensure all sites have proactive anti-corruption mechanisms in place. Supporting these efforts, HeveaPro Social Responsibility standards provide the Group with essential baselines and performance indicators to enable continuous improvement plans.

Guided by our Group's policies and practices, we are heartened to report zero non-compliance to labour-related laws and regulations for 2021. We are committed to maintain full compliance in the years ahead.

Sustainable Development Goals

At Halcyon Agri, our mission is to build a prosperous and resilient society



The task ahead is huge so we have set the following targets as top priorities for the Group:



¹ A Corporate Social Responsibility (CSR) rating methodology that measures the quality of a company's management of ESG factors and reports the results to its trading partners

Key ESG Factors

Materiality Assessment

Building on the stakeholder consultation exercise conducted in 2020, the Sustainability Department conducted an internal review of the Group's ESG factors in 2021. The review identified Quality Excellence as an additional stand-alone ESG factor for the Group. With Board's approval, we concluded 2021 with a total of 11 key ESG factors.

The chart of ESG factors provide a description of each ESG factor and the scope of where the factor is relevant to the Group's supply chain.

Key ESG Factors

	Key ESG Factor	Description	Scope		
			Upstream	Midstream	Downstream
1	Pricing Equity	Just and fair distribution of the economic value of latex/cup lumps to upstream stakeholders (smallholder farmers).	✓		
2	Traceable Supply Chain	Ability to trace raw material sources to address supply chain risk exposure and threats such as deforestation, environmental degradation and human rights and build transparency with customers and partners.	✓	✓	
3	Workplace Health and Safety	Protecting the safety and health of staff, workers and affected communities in accordance with applicable guidelines, professional practices and meeting local and national laws and regulations.	✓	✓	✓
4	Fair Working Conditions	Ensuring workplaces are free of discrimination, forced labour and child labour; Upholding the right of workers to a decent living wage, freedom of association and collective bargaining and the intent of the International Labor Organization's eight core conventions.	✓	✓	✓
5	Human Rights	Respecting and supporting the protection of internationally recognised human rights in accordance with the UN Guiding Principles on Business and Human Rights; Implementing Free, Prior and Informed Consent ("FPIC") process in accordance with appropriate methodologies; Using transparent grievance mechanism processes.	✓	✓	✓
6	Quality Excellence	A culture that promotes dynamic quality management to achieve excellent business results. A dynamic quality management is adaptive to change; innovative in its solutions; focused on continuous improvement; and constantly raising the bar to exceed customer expectations.	✓	✓	✓
7	Eco-Efficiency	Conducting business operations that minimise air, water and land pollution and ensuring efficient utilisation of natural resources such as water and energy and other production inputs.	✓	✓	✓
8	Climate	Supporting initiatives to reduce Greenhouse Gas ("GHG") emissions in our operations and addressing risks posed by climate change to our supply chain.	✓	✓	✓
9	Landscape Stewardship	Application of integrated landscape management and good agricultural practices; Respecting customary, traditional and communal land tenure rights; Commitment to no deforestation in support of ecosystem conservation and protection; Responsible acquisition and management of land for the business.	✓	✓	
10	Ethics and Compliance	Compliance to Halcyon Agri's global standards and local regulations and adherence to universally-accepted standards and guidelines that work against corruption in all its forms.	✓	✓	✓
11	Community Investment and Empowerment	Contributing to improve livelihoods of local communities who have an influence and/or dependence on Halcyon Agri's operations.	✓		

HeveaPro Industrial & Quality Standards

HeveaPro – A Holistic Approach Towards Quality Excellence (HeveaPro Quality Standard)

The HeveaPro Industrial & Quality Standards being one of the core attributes of HeveaPro² was designed with the objective of modernising the quality management system in the natural rubber processing industry through introduction of known international quality management principles and practices. The HeveaPro Quality Standard also has some performance expectations intentionally set at a high-level, to stimulate the target to move away from the conventional manual process for product quality controls, to the adoption of technology and advanced quality techniques.

To achieve this objective, the design of the HeveaPro Quality Standard with a comprehensive checklist, and has taken into consideration three key pillars of quality management, they are:

Understand and PREVENT

The HeveaPro Quality Standard is now owned by HeveaConnect. It was designed by Halcyon Agri based on a risk-based approach. Prevention is emphasised to reduce the risk of non-conforming quality from occurring. After going through several revisions, measures which are prevention-oriented continue to form the majority checkpoints of the standards, currently representing 53% or 247 out of 465 checkpoints. Performance wise, year-on-year improvement is observed notwithstanding a 20% substantial increase in the number of checkpoints from 204 in 2018 to the 247 checkpoints currently.



Monitor and measure to DETECT

More than 40% of the checkpoints are detection-oriented. Number of detection checkpoints has increased significantly from 142 in 2018 to 196 in 2021. The standard amplifies early detection mechanisms to prevent costly mistakes, especially those could have an impact on the downstream supply chain operations. As shown in the 2021 audit results, the quality detection system is well implemented in our factories. The slight drop in 2020 overall score was attributed to the expansion of scope with 55 new checkpoints added to the detection system, and it was the adjustment period for the factories to become familiar with the new measures.

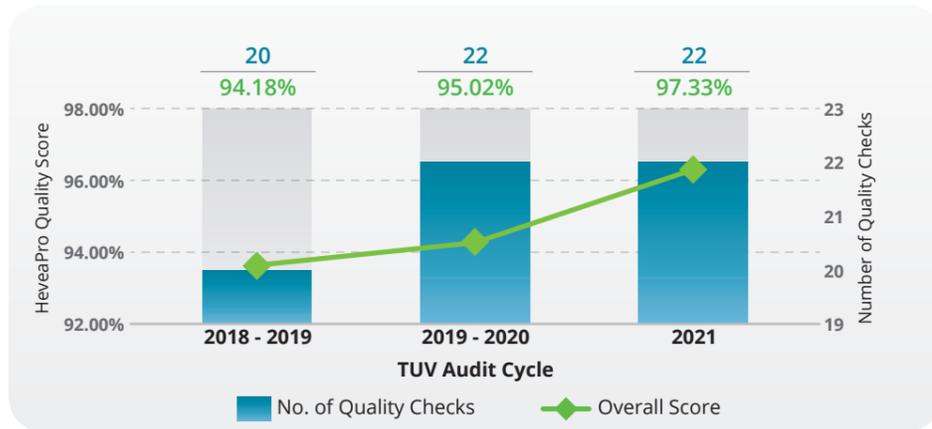


² <https://www.halcyonagri.com/en/investors-media/publications/?type=heveapro>

HeveaPro Industrial & Quality Standards

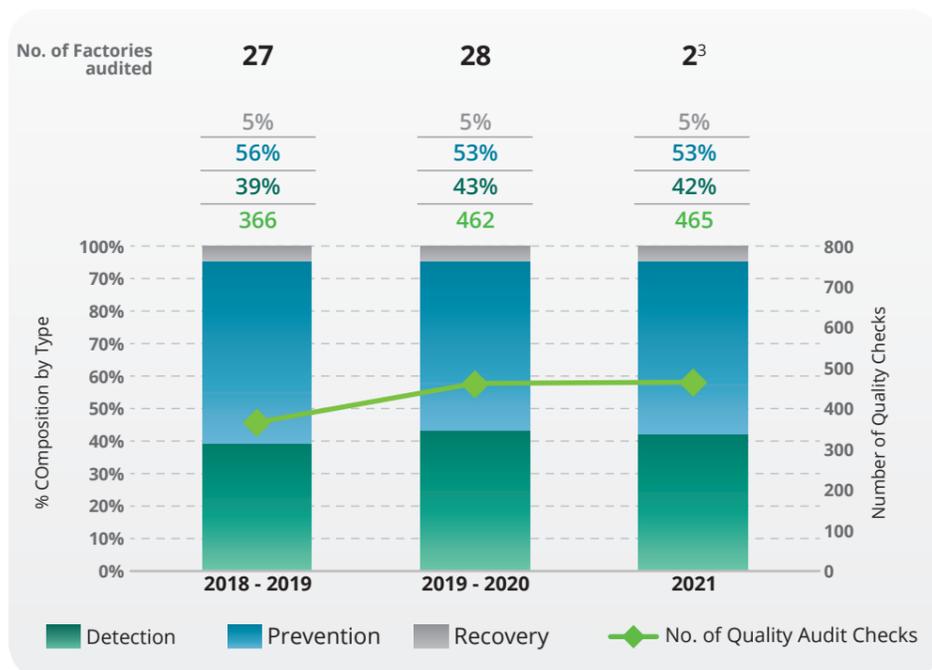
Learn and RECOVER

5% or 22 checkpoints under the standard are focused on recovery. In the event that both prevention and detection have failed and a quality issue occurs, either happen within our processes or affecting our customers, the HeveaPro system mandated a swift response from the factory to undertake comprehensive review and implement remedial actions to recover from the setback. The system also requires factory to record lessons learned from each incident and integrate them into a broader scope. To make more effective use of accident database and strengthen the overall system, lesson learned from incidents would be referred to when reviewing the prevention or detection procedures. Conformance to the requirement on Recovery has improved steadily from 94.18% in 2018 to 97.73% in 2021.



The HeveaPro quality standards is a strategy tool in our quest towards Quality Excellence, the result of independent third-party audit affirmed that this standard has been well-adopted by all Halcyon Agri's factories.

HeveaPro Quality Standard Composition and Checkpoints



³ Via remote audit. The number represents a sample population of Halcyon's factories.

Safeguarding Our People

At Halcyon Agri, we believe in responsible human resource management and equal opportunity for all. We recognise contributions from our employees and share best practices to build learning throughout the organisation. We have put in place group-wide policies to guide our global workforce and enable a culture of collaboration and teamwork.

We support the careers and families of over 15,000 employees globally. In 2021, female represented over 20% of our workforce in 2021 with close to 90% are working mainly in Africa and Asia



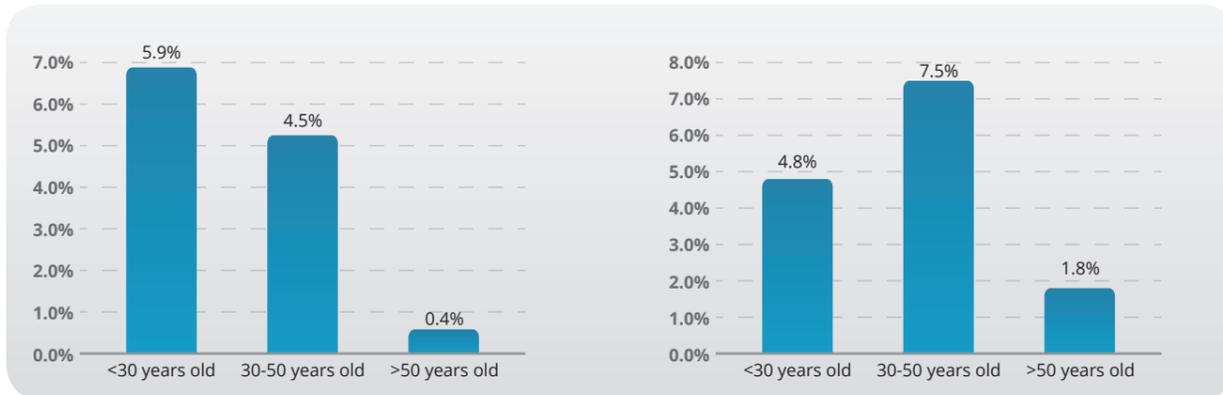
EMPLOYEES BY GENDER AND BY REGION



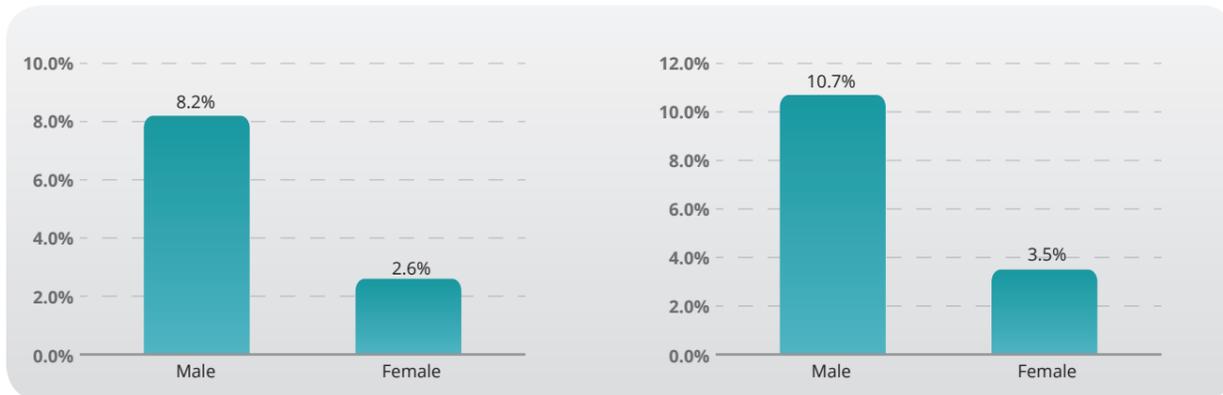
2021



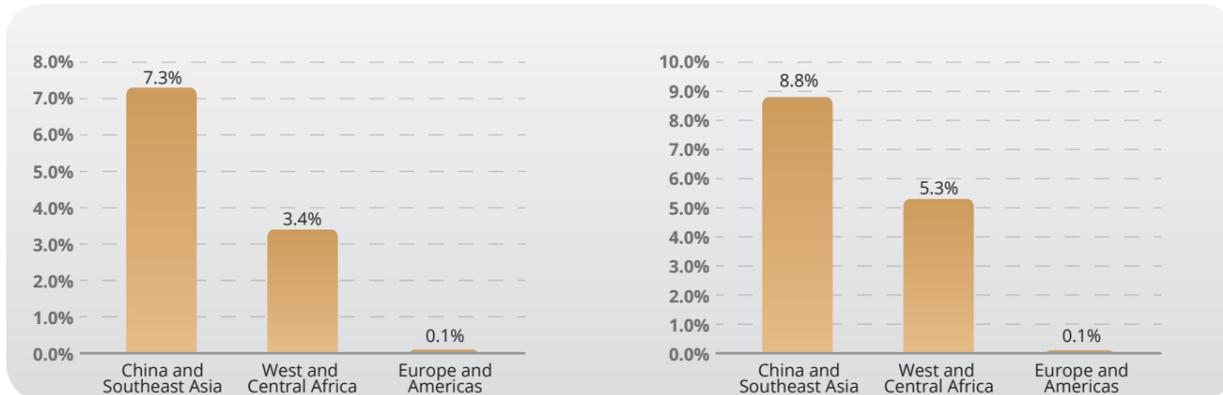
By Age



By Gender



By Region



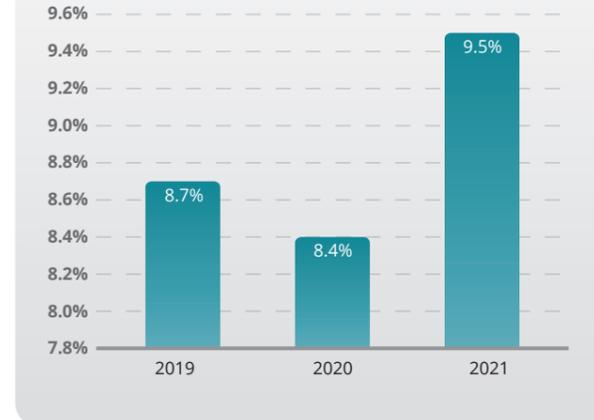
% Female by Employee Category



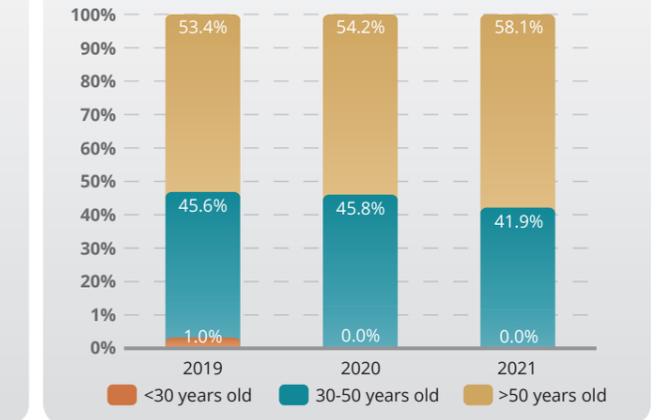
Age By Employee Category



Senior Management (% Female)



Senior Management by Age (% Distribution)



Working Conditions

The Group is committed to fair working conditions by ensuring workplaces are free of discrimination, forced labour and child labour; upholding the right of workers to wages, and their right to freedom of association and collective bargaining.

Our employment practices prohibit any form of discrimination on the bases of age, colour, gender, race or religion. Discriminatory questions such as asking female applicants whether they are pregnant or intend to become pregnant are banned. Employees are granted maternity or paternity leave in accordance with local statutory requirements.

In the past three years, we witnessed a slight but steady increase in female representation across the Group. Female representation in senior management increased to 9.5% in 2021 compared to 8.4% in previous year.

It is our group policy to prohibit employment of underage workers (typically, below the age of 18). Through our management systems, we have mechanisms in place to check and verify the age of applicants in a confidential manner as part of our recruitment procedures.

As a standard practice, living quarters of our plantation and processing factory workers must comply with the local government labour codes and regulations. Electricity and waste collection bins are provided in these facilities and they are regularly maintained. Residential areas also have access to washing facilities and drinking water either through public water utilities or groundwater boreholes. For the latter, local EHS teams conduct groundwater quality tests to ensure safety of users and compliance to local water quality regulations. Consumption of water and electricity is monitored to ensure transparency to all users of housing facilities. Pest control monitoring activities are also done periodically to prevent the risk of vector-borne diseases infecting the workers and their families.

The Group adheres to the policy of equal employment opportunity and diversity. The Group ensures that its workers are remunerated not less than the minimum wage level imposed by respective regulatory authorities in the countries we operate in.

We confirm a 1:1 ratio on staff entry level wages with legislated minimum wages. The ratio excludes benefits-in-kind to employees for which when monetised, these

can account for a modest percentage of their total compensation. Furthermore, the ratio applies both to male and female staff.

The Group is supportive of workers' freedom of association and right to collective bargaining, as expressed under the Sustainable Natural Rubber Supply Chain Policy ("SNRSCP"). We have operations in China and Thailand where their respective governments to-date have not ratified ILO 875 or 986. Despite this fact, we moved ahead of local laws and require our sites to encourage our workers to set up associations.

Collective agreements are widely practised across our plantations in Malaysia and Cameroon. For processing segment, HeveaPro Social Responsibility standards check for evidence on workers' right to freedom of association and collective bargaining. To ensure this right is closely safeguarded, one of the important roles of CSR Coordinators is to help the factories to enhance existing procedures, and address any gaps identified from internal audits.

Workplace Health and Safety Management System

Our commitment to health and safety is embedded in our Sustainable Natural Rubber Supply Chain Policy (SNRSCP), and all our employees are covered by an occupational health and safety management system. The main system adopted by the Group is HeveaPro Industrial Standards on Environment, Health and Safety (HeveaPro EHS). With over 600 checkpoints, the HeveaPro EHS standard is specially designed for the rubber processing related activities.

In 2021, over 30 processing factories of the Group apply the HeveaPro EHS standard while several factories are ISO45001 certified. The Group applies its expertise of the Group across the value chain together with investment in technology, to produce the highest quality natural latex in a sustainable way. The in-house EHS management system for our plantation operations - LatexPro, is benchmarked against international standards and best practices. The LatexPro system guarantees the highest standard in quality assurance by applying these principles: Quality of Raw material, Quality of Process and Quality of management.

Hazards and Controls

All Halcyon Agri operating sites are required to conduct comprehensive Hazard Identification, Risk Assessment and Risk Control (HIRARC) activities in its operations. Adoption of these processes would be validated through annual internal and external HeveaPro audits. Findings are reported promptly to senior management for review to ensure continuous improvement in line with our SNRSCP commitments.

HeveaPro EHS standards aim to adopt best practices, going above and beyond basic regulatory requirement for periodic HIRARC records review. It requires the Group factories to review and update their HIRARC records on an annual basis.

Incident reporting and investigation are mandatory in our operations. As a practice, workers are empowered to immediately discontinue their tasks at hand should they identify existing or potential unsafe activities. Workers who report such incidents are protected against reprisals as mandated by our group-wide whistleblowing mechanism. Other controls in place include physical controls and practices. Examples include installation and maintenance of emergency stop buttons on key machineries and, setting up of fire suppression equipment and safety and emergency signages throughout factory floor. Practices include regular inspection of personal protective equipment (PPE) to ensure they meet standards before issuing to workers, adoption of Permit-to-Work (PTW) system and Lock Out Tag Out procedures to control hazardous energy and protect workers from harm.

Health Services and Promotion

The health and wellbeing of all our workers, and of those who work on our sites, are paramount and is our top priority. We believe in preventive health and safety measures. Apart from annual staff health screening programme, we also conduct periodic evaluation on air quality, heat and noise at our sites, to ensure the working environment protecting workers' health and promoting their wellbeing.

There are medical facilities within short distance of our sites for which timely health support would be available should there be workplace incidences. Access to health services is a requirement under the HeveaPro EHS standards. In 2021, amid the global pandemic, we

tested a remote auditing program for HeveaPro audits for two of our factories in Indonesia during the wake of the pandemic. Annual audits continued to be carried out despite the challenges post by the pandemic, to ensure our product quality and operating standards remain intact and unaffected by COVID-19 disruptions.

Worker Engagement and Training

Despite most local regulations requiring only health and safety committees, our group policy mandated environment, health and safety (EHS) committees in all our operations. Meetings of the EHS committee, which represents all workers are held at least bi-annually and chaired by a competent employee. The EHS committee's charters documented its procedures as well as the roles and responsibilities of members. Activities and decisions of the EHS committee are communicated to workers either physically, through notice board, and/or email circulars.

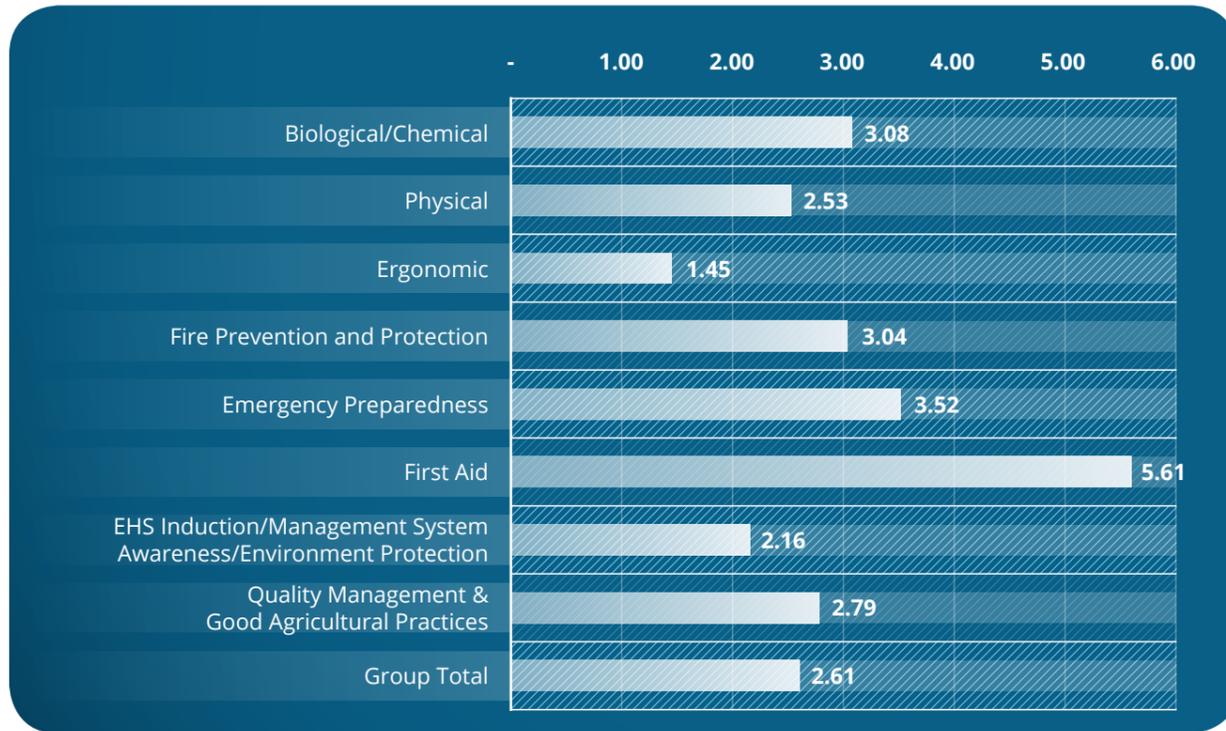
To complement this, EHS campaigns are held at least quarterly to reinforce and inculcate safe behaviours amongst our workers. Our campaigns in 2021 continued to be limited to virtual communications due to movement restrictions and safe management measures that are in place amid COVID-19 pandemic.

The scope of TÜV SÜD audit also includes verifying activities of EHS committee, its roles and responsibilities and ensuring workers are represented. HeveaPro EHS standards also require establishment of an environmental committee.

Training hours per worker in 2021 averaged at 2.61 hours per worker with most hours spent in first aid training. We continue conducting training activities on various topics including emergency preparedness, fire prevention and EHS induction. The EHS briefings were especially relevant to step up safe distancing measures and screening activities for contractors and suppliers that visited our sites. We will continue to refine our training practices through needs assessment to ensure our workers remain vigilant about compliance with workplace health and safety measures.

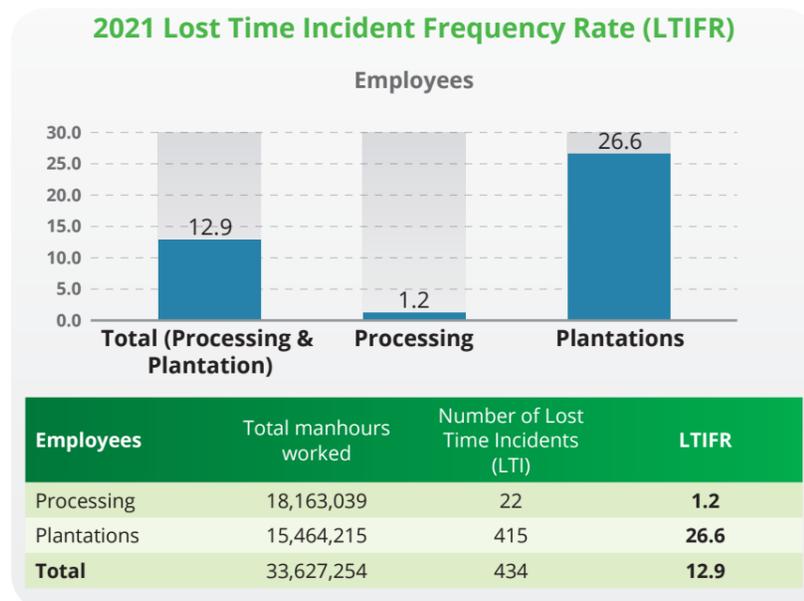
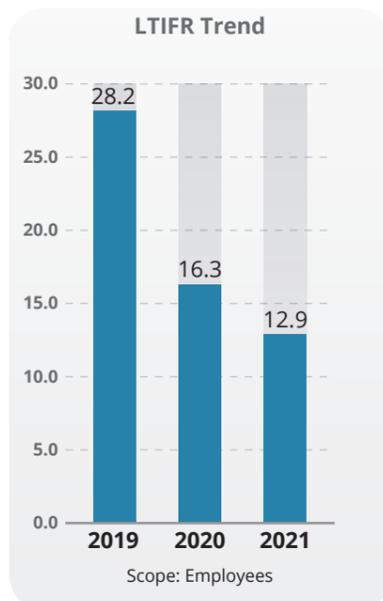
Safeguarding Our People

Training Hours per Worker (2021)



Work-related Injuries

The QHSE Department reviews the mandatory EHS report submitted by all processing sites on a monthly basis. The oversight and control exercised by the QHSE Department aim to ensure accountability of business units and accuracy of the EHS data reported to headquarters. To further strengthen our governance on health and safety, the QHSE Department will complement its monthly reporting with quarterly reviews with local EHS teams.



Eco-efficiency and Climate Change

Halcyon Agri actively manages the eco-efficiency and climate change aspects via its environmental management systems which are implemented throughout our operations. The monitoring of the system's efficiency is enabled by applying the HeveaPro Environment, Health and Safety industrial standards and ISO14001. We are on track to obtain ISO14001 certification for the eight operating sites by end of 2025.

We continuously measure and monitor our performance in managing water resources, inputs and impacts, and strive to achieve energy efficiency and reduce greenhouse gas emissions.

Resource Consumption

Water

Over 80% of our water consumption are related to our rubber processing activities. This is because a large volume of water are required to remove physical impurities from rubber to meet quality requirements. As most of our factories are located in urban or semi-urban areas, and with the looming threat of climate change to our communities, it is crucial for us to manage our water resources responsibly.

Our processing sites draw water primarily from surface water bodies and discharge them back to the same source. Surface water consumption is supplemented by drawing from local water utilities where available. Through our onsite teams, we actively track our water consumption in our processing sites as frequently as possible, and at least on a shift basis.

In our plantations, the main water sources include surface water and groundwater. These sources are used for field operations and domestic consumption. Water-related impacts are identified through environmental impact assessments mandated by laws applicable to our operations. They are subsequently managed through local government-approved environmental management plans. In all countries where we operate, our processing operations with wastewater treatment facilities must meet the specific effluent quality standards imposed by the relevant regulatory authorities. We are also required to monitor groundwater quality, and surface water quality, and report these to the local authorities.

Building on Halcyon Agri's partnership with Alliance for Water Stewardship at processing sites, we have initiated the sustainable water management certification for our Cameroon and Malaysia plantations in 2020. Hevecam has secured AWS Gold certification while JFL has successfully registered for AWS certification in 2021. These third-party certifications, which are beyond the regulatory requirement, demonstrates our commitment to consume natural resources responsibly, and help us in monitoring the sustainability criteria of the Deutsche Bank sustainability-linked loan secured by Corrie MacColl in 2020.

Water Withdrawal and Intensity

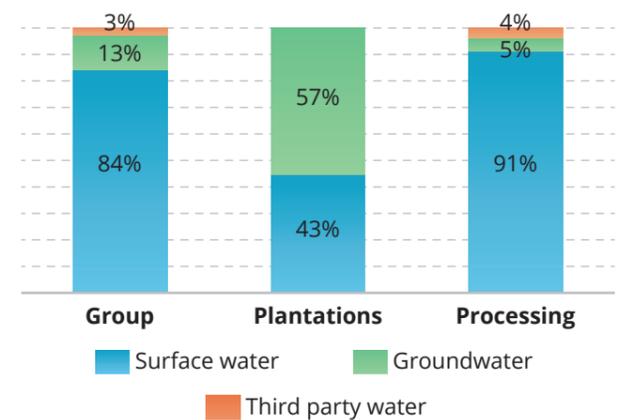
'000 cubic meters	Processing	Plantations	Group
Surface water	8,437	691	9,128
Groundwater	450	931	1,381
Third party water	362	-	362
Total	9,249	1,622	10,871

Water Use Intensity

Water use intensity = Volume of water withdrawn divided by mT of product or ha of cultivated area.

Processing ('000 m3/mT of product)	Plantations ('000 m3/mT of cultivated area)
10.42	42.04

Water Withdrawal, Volumes and Sources



Using World Resources Institute's Aqueduct Water Risk Atlas (<https://www.wri.org/aqueduct>), we confirm that all our processing and plantations are located in areas with <10% water stress.

Chemicals and Effluents

For plantations, we use mainly solid-state fertilisers, while fungicides, herbicides and pesticides are primarily in liquid form for application across our estates. A list of fertilisers and pesticides used at our plantations are presented in the table below. Their composition remains unchanged from previous year.

Fertiliser	Herbicides	Fungicides	Insecticides
- Nitrogen, Phosphorous and Potassium (kg) - YaraMila Complex (kg)	- Glyphosphate - Sodium Chlorate - 2,4-Dichlorophenoxyacetic acid (kg)	- Mancozeb (L) - Difenconazole (kg) - Lambda-Cyhalothrine (L)	- Lambda-Cyhalothrine

For processing operations, chemicals in solid and liquid forms (mainly Ammonia, formic acid and Deorub solutions) are used in crumb rubber and latex production. Ammonia is used for latex preservation while formic acid aids in latex coagulation. Deorub application helps to mitigate odour in processing sites.

Solid form of hydrated lime, hydroxylamine sulphate and caustic soda are the major chemicals use at our processing sites. Hydrated lime prevents rubber crumbs from sticking together. Hydroxylamine sulphate is added to TSR grades requiring constant viscosity while caustic soda is generally used in cleaning of equipment.

Effluent performance of our Cameroonian and Ivorian operations remain a priority in 2021. Local teams continued with desludging efforts, applied enhancements in drainage, anaerobic and aerobic processes, and stepped up operational controls. Moving forward, the Group will continue monitoring progress closely, conduct on site investigations and identify root causes. Through these enhanced efforts, the Group is optimistic of resolving this issue.



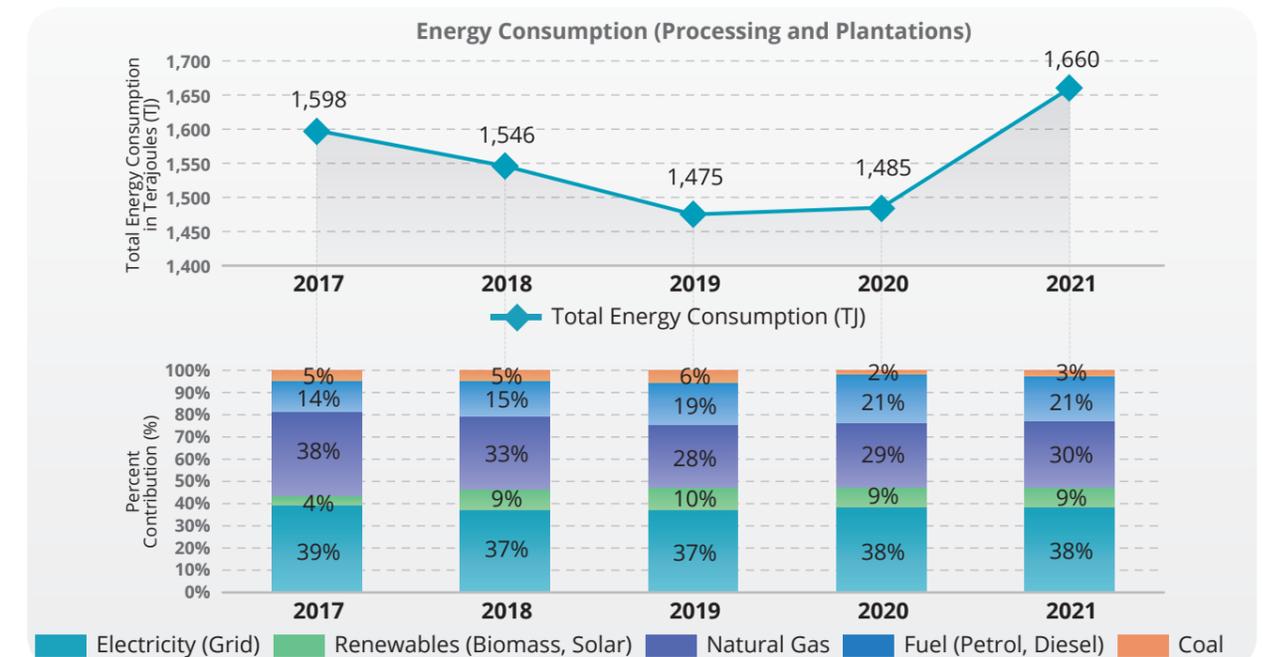
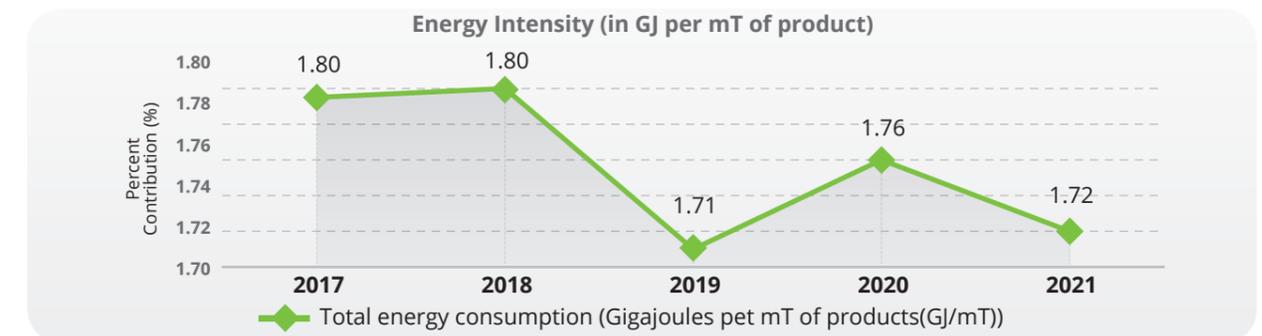
Energy Consumption

Natural rubber production is energy intensive. To maintain operational continuity, we consume multiple energy sources where it is locally accessible and reliable.

Electricity consumption is measured through metered connections from the national grid. Site teams measure fuel consumption through duly-calibrated meters and weighing scales and reported to our Halcyon Data Centre. Our largest energy source is from purchased electricity, which comprises approximately 38% of the energy requirements across the years.

The next significant contribution comes from natural gas used primarily for drying process at our factories. With access to biomass (palm kernel) in Indonesia, we steadily increased its application for our dry process infrastructure, supplementing fuel and gas consumption over time. In 2021, biomass consumption accounted for approximately 9% of our total energy needs, a figure held since 2018. Our liquid fuels, mainly diesel, are used for dryers and on-site generators either for back up purpose or as main electricity source at off-grid locations. Across our plantations, the primary energy source is liquid fuels (mainly diesel and petrol).

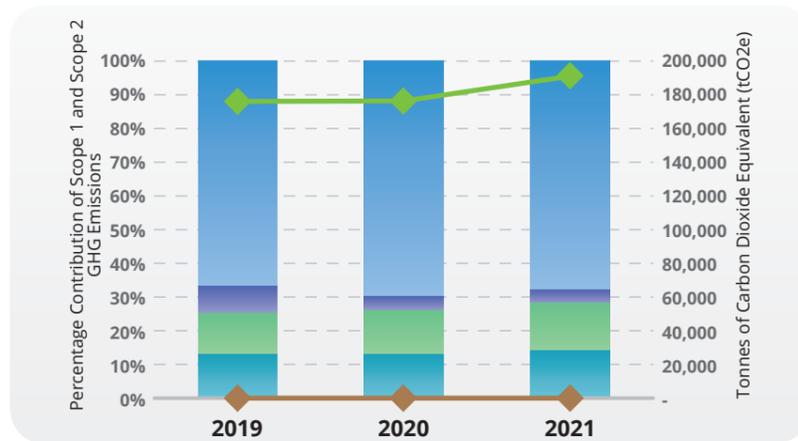
Overall, we have maintained an energy intensity of between 1.7 and 1.8 GJ of energy consumed per mT of natural rubber produced in the last four years. As for plantations, we report an energy intensity of 3.38 GJ of energy consumed per hectare of cultivated area.



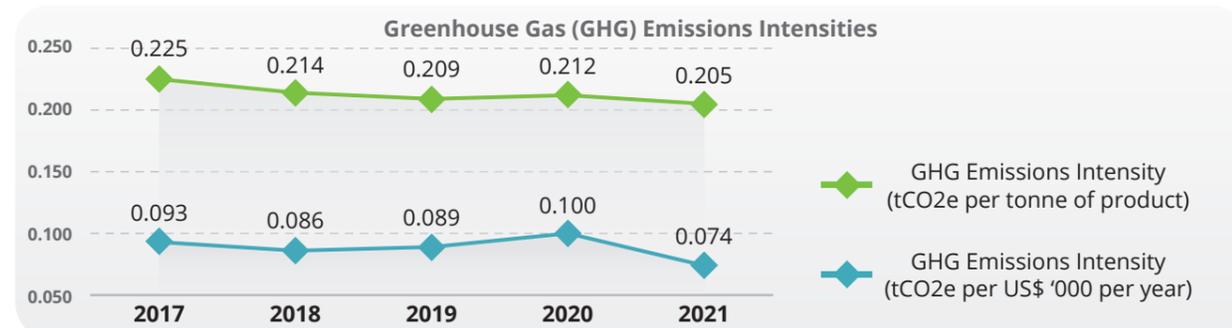
Greenhouse Gas Emissions

Climate change and global warming remain the key concern across our supply chain. We are committed in reducing our emissions over the long term. Our greenhouse gas emissions calculations applied the guidance from The Greenhouse Gas Protocol⁴. Fuel emission factors for each reported year were taken from the UK Government GHG Conversion factors for Company Reporting⁵ while grid emission factors were obtained primarily from the Institute for Global Environmental Strategies (IGES) List of Grid Emission Factors and Trucost. The largest contribution to total emissions comes from our Scope 2 emissions (purchased electricity) with an average of up to 70% across the years. Scope 1 emissions (direct emissions) account for about 30% in 2021. In late 2021, we commissioned a project to conduct a complete greenhouse gas emissions inventory of the Group. The project will help us define our baseline year and prepare us for setting science-based targets in future.

GHG emissions intensity trend improved steadily over the years. Our 2021 performance resulted in a 0.205 tCO₂e per tonne of product from our processing factories. As for plantations, our performance resulted in 265 tCO₂e per hectare of cultivated area in 2021. Our 2021 performance 0.074 tCO₂e per USD '000 of annual revenue. We will continue exploring initiatives to help bring down our greenhouse gas emissions over time. Initiatives such as dryer retrofitting is one option as it not only provides efficiency gains but also operational flexibility due to its ability to combust natural gas or biomass alongside or as a replacement to liquid fuels.



	2019	2020	2021
Scope 2 (Electricity from Grid)	68%	70%	69%
Scope 1 (Solid Fuels - Coal)	8%	3%	4%
Scope 1 (Liquid Fuels - Diesel, Petrol)	12%	13%	14%
Scope 1 (Natural Gas)	13%	13%	14%
GHG Emissions (Biomass)	445	766	757
GHG Emissions (Scope 1 & 2)	173,243	176,515	191,225



⁴ World Business Council for Sustainable Development (WBCSD) and World Resource Institute (WRI). The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. Revised Edition. Source: <https://ghgprotocol.org/corporate-standard>
⁵ Source: <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Renewable Energy

Our factories consume a significant amount of electricity in the processing of natural rubber. In early 2021, our factory in Kedah, Malaysia saw an opportunity to shift a portion of its electricity needs to renewable energy sources, in particular, solar photovoltaic (PV) system. The project aims to reduce the factory's carbon footprint and mitigate the increasing cost of grid-sourced electricity. With support from government schemes that support renewable energy adoption, the team commenced a detailed technical and finance study to look into the viability of solar PV project for the factory. The study has proved the feasibility of PV system and a competitive bidding process was commenced soon after. With a contractor chosen, the factory proceeded with the installation and commissioning of solar panels with a capacity of 232 kW by year end. The use of solar power is expected to offset 219 tonnes of carbon dioxide per annum, as well as help the factory save an estimated US\$40,000 from electricity costs annually.

The solar power project in Malaysia is currently the second factory in the Group to adopt solar power technology. The first was our new Sudcam factory in Cameroon. It started operations in early 2021 with 100kW solar panels installed to support their auxiliary lighting requirements.

Through these initial successes, the Group hopes to widely adopt renewable energy technology in its other factories in the years ahead.



Aerial view of solar panels installed in Euroma factory in Kedah, Malaysia.

Stakeholder Engagement

Our key stakeholders are those who have a considerable influence on our business, and whom our business has a significant impact on socially and economically. Ethically and ecologically sustainable business practices are fundamental to the Company's strategy for long-term growth. Understanding stakeholder perspectives is critical to determining, assessing and managing key risks and issues. As such, the Company has arrangements in place to identify and engage with the material stakeholder groups, including employees and those working across the supply chain.

We identified our key stakeholder groups based on the influence they have (or potentially have) on our organisation as well as the impact, whether positive or negative, our decisions and actions have on their own activities and decision-making. This approach took into account the principles and guidance contained in the AA1000 Stakeholder Engagement Standard 2015 released by *AccountAbility*⁶. The table below summarises our key stakeholder groups, our methods of engagement, and key topics raised from the stakeholder consultation on ESG factors carried out in 2020 and remain applicable in 2021.

Stakeholders and Engagement Methods	Top ESG Concerns
1 Employees <ul style="list-style-type: none"> Annual performance review and employee feedback sessions Training and development programmes, including empowering leaders in managing teams Quarterly publication of Halcyon Rubber Times Magazine and engagement via Facebook fan page Company-wide open-door policy and regular townhall meetings in headquarters and other offices Grievance and whistleblowing procedures in place with assurance of confidentiality and protection against reprisal Worker unions or associations and collective bargaining arrangements with factory workers Community volunteering and company recreational activities 	<ul style="list-style-type: none"> Fair Working Conditions Ethics and Compliance Workplace Health and Safety
2 Customers <ul style="list-style-type: none"> Annual or periodic on-site assessments of our factories and plantations following customer timeframe Networking sessions hosted by industry associations at least once a year Periodic meetings and daily communication via phone and emails on topics such as quality and supply chain logistics Formal communications (email/letters) to customers to address concerns raised as and when needed Media releases and updates shared with customers relating to company updates and news posted on our website 	<ul style="list-style-type: none"> Pricing Equity Workplace Health and Safety Fair Working Conditions Ethics and Compliance
3 Smallholder Farmers <ul style="list-style-type: none"> Group meetings and discussions regarding concerns raised as and when needed, either directly or via dealers Knowledge sharing, cultural promotion and good agricultural practices in accordance with HeveaPro standards Traceability initiatives in partnership with the customer such as Rubberway to understand their situation better 	<ul style="list-style-type: none"> Pricing Equity Landscape Stewardship Climate Change
4 Suppliers (Non-Smallholder Farmers) <ul style="list-style-type: none"> Supplier performance feedback on a per project basis Sharing project management best practices when needed Regular toolbox meetings and induction on environment, health and safety on site regulations (Processing) Training on proper use of agricultural methods, pesticides and fertilisers prior to field deployment (Plantations) 	<ul style="list-style-type: none"> Workplace Health and Safety Traceable Supply Chain Climate Change Fair Working Conditions

⁶ <https://www.accountability.org/>

Stakeholders and Engagement Methods	Top ESG Concerns
5 Civil Society <ul style="list-style-type: none"> Formal responses to civil society feedback posted on our websites or via email as needed Periodic or scheduled meetings with NGOs at our plantations or processing sites on a per issue or project basis. Establishment of the Cameroon Sustainability Council comprised of independent civil society participants Implementation of grievance procedures for access to remedy relating to our operations 	<ul style="list-style-type: none"> Landscape Stewardship Human Rights Community Investment and Empowerment
6 Industry Bodies (Regulatory Agencies, Governments, Industry Associations and Certification Bodies) <ul style="list-style-type: none"> Partnership with China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters (CCCMC) for joint collaboration on sustainability initiatives Membership to Global Platform for Sustainable Natural Rubber (GPSNR), UN Global Compact (UNGC) and Global Agribusiness Alliance (GAA) for engagement on key concerns affecting industry Company information and updates online through disclosure of Annual Reports, Sustainability Reports, and news releases Periodic reporting of environment, health and safety compliance (regulatory agencies, governments) Third party assessments of our processing and plantation assets annually or as needed (certification bodies) Attendance in conferences, workshops and speaking engagements as scheduled by organisers (industry associations) 	<ul style="list-style-type: none"> Ethics and Compliance Workplace Health and Safety Human Rights
7 Investors (Financial Institutions, Regulators, Analysts and Shareholders) <ul style="list-style-type: none"> Company information and updates online through disclosure of quarterly earnings, Annual Reports, Sustainability Reports and news releases Analysts briefing after the release of half-yearly financial results AGM and EGM serve as important platforms for shareholders to communicate directly with the Board Finance and Investor Relations teams as intermediaries between Halcyon and investment community Senior management meetings with investors, analysts, and the media. Channels include conference calls, roadshows and industry conferences organised by major financial institutions throughout the year 	<ul style="list-style-type: none"> Human Rights Climate Change Fair Working Conditions Workplace Health and Safety
8 Local Communities <ul style="list-style-type: none"> Provision of feedback channels at our processing and plantation sites to be treated confidentially Health promotion conducted yearly Ad hoc and continuous in kind contributions to schools and educational institutions Technical or financial support for local infrastructure maintenance or development projects Periodic contribution to local socio-cultural activities and families in need 	<ul style="list-style-type: none"> Human Rights

Industry Engagement

Halcyon Agri recognises that partnerships and close cooperation amongst all supply chain stakeholders are crucial to creating a sustainable business and shaping the future of natural rubber industry. As stated in the sustainability policy, we are committed to maintaining inclusive and participatory dialogue with key stakeholders and supporting multi-stakeholder planning and development efforts. We focus on four key areas of stakeholder participation: engaging the industry, building relationships with smallholder farmers, partnering with our suppliers and promote traceable and transparent supply chain.

HeveaConnect



To inspire meaningful change in the natural rubber industry, Halcyon Agri founded HeveaConnect in 2018 with the ambition to digitalise the traditional natural rubber supply chain and fulfil the growing demand for sustainably sourced and responsibly produced natural rubber from consumers. Through HeveaConnect digital marketplace, natural rubber producers and consumers are able to track pricing and supply information and transact directly the digital platform, promoting greater price transparency in the rubber industry. Since it was launched in April 2019, HeveaConnect has successfully matched over 450,000 mT of natural rubber for global tyre majors including some of our key customers, with gross sales value exceeding US\$750 million.

HeveaConnect has received strong support from investors. The presence of Singapore Exchange (SGX), which invested in the Company in March 2021, along with early investors such as DBS Bank Ltd. and ITOCHU Corporation has effectively boosted HeveaConnect's industry traction, facilitated onboarding of producers and customers alike, and accelerated its efforts to digitalise the industry and promote sustainable business practices along the supply chain. Cognisant that the industry participation is crucial for such a platform, Halcyon Agri has relinquished its controlling stake in HeveaConnect by transferring a portion of its shares into HeveaConnect Equity Trust. This also enables HeveaConnect to leverage on the data governance expertise of SGX from an exchange perspective. HeveaConnect takes an inclusive approach and hopes to collaborate with more producers so they can benefit from the trading platform's data centre and data acquisition tools. In December 2021, HeveaConnect welcomed the premium tyre manufacturer, Continental onto its digital trading platform. Continental will handle a portion of its natural rubber purchasing through the platform to support transparency in the natural rubber supply chain.

Global Platform for Sustainable Natural Rubber (GPSNR)



Halcyon Agri supports GPSNR's vision of a fair, equitable and environmentally sound natural rubber value chain. The multi-stakeholder initiative represents approximately half of global natural rubber volume and is represented by participants from every phase of natural rubber value chain, which comprises smallholder producers, producers, processors & traders, civil society, tyre & car makers and other product makers, as well as financial institutions. Halcyon Agri continued supporting GPSNR's efforts in 2021 through representation in working groups and participation in consultation activities, namely GPSNR Reporting Requirements and Implementation Guidance.

In August 2021, the Group successfully aligned its sustainability policy with the GPSNR Policy Framework. At that time, only a handful of processors and producers have successfully aligned as the commitments are highly ambitious for the members. Through continuous dialogue with GPSNR Secretariat and civil society, we secured their acceptance and eventually, our revised Natural Rubber Supply Chain Policy (SNRSCP) was approved by Halcyon Agri's Board.

Information on GPSNR Policy Framework: <https://www.halcyonagri.com/en/press-release/halcyon-agri-aligns-with-gpsnr-policy-framework/>

Halcyon Agri policies: <https://www.halcyonagri.com/en/investors-media/publications/?type=policies>

China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC)



In late 2021, the benchmarking exercise between CCCMC's Sustainable Natural Rubber Guidance with HeveaPro Industrial Standards and international guidelines was completed. The Group intends to use the findings of such exercise to improve its implementation of HeveaPro standards.

Smallholder Farmers and Suppliers

The world uses 14 million mT of natural rubber every year. 85%-90% of that global supply is produced by at least six million subsistence farmer households in developing economies. Halcyon Agri sources approximately 74% of natural rubber raw material from smallholder farmers, 24% from third party distributors of finished goods while the remaining 2% is from company-owned plantations. We are acutely aware of the importance of the smallholders to the rubber industry, and are continuously engaging them to better understand their needs and concerns. Our sourcing activities cover multiple countries in Asia, West and Central Africa and South America.

Rubberway® in Palembang, Indonesia

Rubberway® is a technological solution that maps and assesses practices and risks regarding environmental issues, social affairs, and corporate social responsibility governance throughout the natural rubber industry, and along the natural rubber value chain¹⁰.

In 2021, Halcyon Agri continued with its deployment of Rubberway® in Palembang, Indonesia. Through survey interviews with smallholder farmers, the initiative will help to better understand socio-environmental profile of upstream natural rubber supply chain in Palembang.

Our field teams interviewed over 2,000 smallholder farmers in 2021. As a matter of protocol, farmers are assured of protection of their data privacy and are briefed on the purpose of the survey. Prior to holding interviews, our field teams procured written permission of village heads and adhered strictly to safe distancing and hygiene practices throughout the exercise. To ensure the safety and security of our field teams, they are directly supervised and monitored by factory teams and CSR Coordinator-in-charge.

Cameroon Outgrower Programme

The programme aims to empower approximately 13,000 smallholder farmers by offering livelihood support through an intercropping model and partnering on ecological conservation. The 15-year planting programme aims to produce sustainably farmed and traceable rubber from 27,000 hectares of degraded and low-yielding farmers. Updates and more information is available in the website: <https://www.corrie-maccoll.com/sustainability/rubber-smallholders/>.



Training and fertiliser donation program for farmers conducted by PT. Hock Lie Sunggal (SDH). Medan, Indonesia



Farmer assistance program or "Bantuan Tatal Pada Petani" in Kalimantan, Indonesia, involving the provision of organic sludge from Halcyon to serve as planting input for farmers

Engaging Our Supply Chain

Supplier Engagement

Corrie MacColl Group (CMC)

CMC communicated its Sustainable Sourcing Policy to its business partners to inform them of the company's standards expectations. Continuing the collaboration with Rainforest Alliance an international NGO, CMC moved into the second phase with the release of an Implementation Manual and Strategic Actions Guide. Strategic actions will be implemented over a five-year period. Following distribution of the manual to CMC's top 20 suppliers in early 2021, suppliers are expected to report on their progress from 2022. CMC hopes to work closely with its business partners to implement pragmatic and appropriate actions in driving the sustainable development of the industry. More information is available in the website:

<https://www.corrie-maccoll.com/collaboratively-advancing-sustainability-in-the-upstream/>

<https://www.corrie-maccoll.com/wp-content/uploads/2021/01/SSP-Implementation-Manual-2021.pdf>

Halcyon Rubber Company (HRC)

HRC's key customers are tyre majors. The business segment sources mainly from independent smallholder farmers. Under the HeveaPro Industrial Standards regime, our processing factories are regularly audited on supplier engagement practices. Among the criteria reviewed are:

- adoption of an impartial and transparent supplier selection criteria;
- communication of our policies and code of conduct to suppliers; and
- verification of the identity of sellers, the volumes they sell and origin of raw material delivered to our factories.

In September 2021, HRC signed an MOU with Pact, Inc., prime contractor for USAID Green Invest Asia for the latter to extend technical assistance in reducing GHG emissions from its supply chain and increase investment in sustainable rubber in Southeast Asia. As first step, the collaboration will conduct a complete GHG emissions inventory of HRC's supply chain especially Scope 3 emissions from its suppliers and upstream activities. The project is expected to be finished by 2022 with aid of specialist consultants. This exercise will also be extended across key subsidiaries such as plantations and distribution to obtain a complete group-wide carbon footprint. Through this initiative, the Group hopes to pave the way for setting science-based targets and help reduce its impact on climate change.

Communities and Landscapes

As a responsible and accountable company, Halcyon Agri recognises the need to balance economic profitability and social equity, while protecting the environment and maintaining strict compliance to laws and regulations in areas where we operate. We approach this important responsibility in three key ways: Protect natural capital through good agricultural practices, policies and processes; Use our resources and influence to impact the community in positive ways; and create value and build relationships with the community through outreach activities.

Protecting Ecosystems

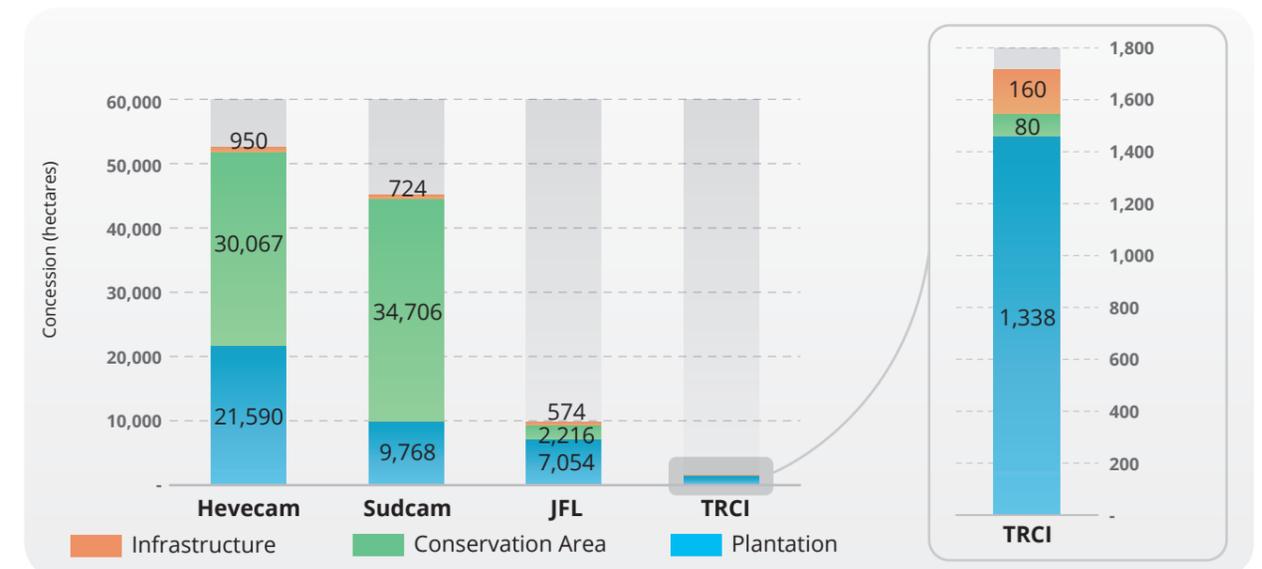
The Group has responsibility over land area of close to 110,000 ha across Cameroon, Malaysia and Ivory Coast. Approximately 61% of our total land concessions are set aside for conservation. These include High Carbon Stock (HCS) and High Conservation Value (HCV) areas, a 25,000-hectare Community Forest established by Halcyon Agri within the Sudcam concession, and agroforest and primary forest land designated by the Ivorian government for conservation.

As a standard practice, our plantation teams conduct regular patrols of the concessions to prevent deforestation and illegal activities. To strengthen ground surveillance activities, Corrie MacColl engaged the services of MapHubs to conduct landscapes monitoring and verify our no deforestation status. Comparing maps in 2019 with 2021, the independent satellite imagery service confirmed that Corrie MacColl has upheld its commitment to no deforestation over this period. More information about monitoring our no deforestation commitment is available in the website: <https://www.corrie-maccoll.com/monitoring-our-no-deforestation-commitment/>.

Land Concessions

An overview of our land concessions and conservation areas are provided below.

Plantation Owner	Hevecam		Sudcam		JFL	TRCI
Location	Niete, Cameroon		Meyomessala, Cameroon		Kelantan, Malaysia	
Year Established	1975		2008		2013	
Concessions (ha)	Niete	40,992	Central	36,988	Ulu Nenggiri	3,775
	Bissiang	7,643	North	8,200	Lebir	2,453
	Elogbatindi	3,972			Ulu Temiang	2,023
					Laloh	1,593
Total (ha)	52,607		45,198		9,844	
						1,578



More information about our plantations is available in the website: <https://www.halcyonagri.com/en/what-we-do/natural-rubber-supply-chain/plantations/>

Biodiversity Values

Hevecam and Sudcam concessions are located in the Southern region of Cameroon. Hevecam's Niete concession is located on the edge of Campo Ma'an National Park, an area known for its rich biological diversity. From BirdLife International's database⁸, a total of 200 species of birds have been recorded from the National Park, and more than another 100 from adjacent buffer zones. Non-aviary threatened species include mammals such as *Loxondonta africana* (EN), common in the south-west of the park, and primates including *Mandrillus sphinx*, *Colobus satanas* (VU) and *Gorilla gorilla* (EN).

Sudcam concession, through the Dja river, shares approximately 33 kilometers of natural boundary with the Dja biosphere reserve, a UNESCO world heritage site since 1987. The Dja reserve is habitat to a wide variety of primates which include the western lowland gorilla, red-capped mangabey, black and white colobus monkey and chimpanzee. Other mammals in the reserve include elephant, bongo, buffalo, leopard, warthog, giant forest hog and pangolin. Among the resident bird population are Bates's weaver, found only in Southern Cameroon and reptile inhabitants including python, lizard and two species of crocodile-both of which are threatened.⁹

JFL's land concession is located in Kelantan, a rural state in the north eastern part of Malaysia. The Lebir concession in particular is located in the Lebir Forest Reserve, a habitat known to be the home of endangered species such as the Malayan tiger.

Summary list of threatened species which can be or potentially be found in Halcyon Agri's land concessions are as below. The list has been updated up to the date of this report's publication.¹⁰

No	Specie	IUCN Red List	No	Specie	IUCN Red List
Mammals			Birds		
1	Western lowland gorilla	CR	24	Helmeted hornbill	CR
2	Malayan tiger	CR	25	Great slaty woodpecker	VU
3	Chimpanzee	EN	26	Large green pigeon	VU
4	Asian elephant	EN	27	Chestnut-naped forktail	NT
5	White-handed gibbon	EN	28	Great argus	NT
6	Siamang	EN	29	Buff-vented bulbul	NT
7	Pangolin	EN	30	Scarlet-rumped trogon	NT
8	Malayan tapir	EN	31	Ren-naped trogon	NT
9	Bronze skink	EN	32	White-crowned hornbill	NT
10	Leopard	EN	33	Rhinoceros hornbill	NT
11	African Forest elephant	VU	34	Green broadbill	NT
12	Pig-tailed macaque	VU	35	Black and red broadbill	NT
13	Oriental small-clawed otter	VU	36	Black and yellow broadbill	NT
14	Sunda slow loris	VU	37	Black hornbill	NT
15	Banded civet	VU	38	Great hornbill	NT
16	Asian small clawed otter	VU	Reptiles and Amphibians		
17	Southern serow	VU	40	Giant slippery frog	EN
18	Sun bear, Honey bear	VU	41	Oriental garden lizard	EN
19	Dusky leaf monkey	NT	42	Golden-ringed cat snake	EN
20	White-thighed langur	NT	43	King cobra	VU
21	Cream-coloured giant squirrel	NT	44	Monocled cobra	VU
22	Asian golden cat	NT	45	Blyth's river frog	NT
23	Masked palm civet	NT	46	Peat swamp frog	NT
			47	Asian leaf turtle	NT

⁸ BirdLife International Data Zone. <http://datazone.birdlife.org/site/factsheet/6134>

⁹ IUCN, <https://www.iucn.org/content/staving-threats-camerouns-natural-riches>

¹⁰ Reference from the International Union for Conservation of Nature (IUCN), Red List of Threatened Species, <http://www.iucnredlist.org>

Conservation Practices

Halcyon Agri, through Corrie MacColl Plantations, maintains and adheres to its plantation management guidelines for all its land concessions. These plans integrate biodiversity management which cover the following activities: (i) Integrated pest management (IPM), (ii) Landscape monitoring, and (iii) Protection of waterways through buffer zones.

Integrated Pest Management

Our Malaysian concessions make use of cover crops such as *Puerara javanica* and *Centosema pubescens* whose flowers attract beneficial insects like wasps that help control insect pest population. The plantation also introduced the use of *Mucuna bracteata*, a leguminous plant widely used in oil palm plantations in Malaysia. The plant is mainly used to protect land from soil erosion which makes it an effective method to maintain overall soil quality and promote nitrogen fixation. The legume's physical characteristics also prevent invasion of beetles after oil palm replanting.¹¹

In Cameroon, some cover crops such as *Mucuna bracteata* and *Pueraria Phaseoloides* are considered invasive species. In response to UNESCO's report entitled "Impacts des activites agro-industrielles de Sud Cameroun Hévée sur le site du patrimoine mondial de la Reserve de Faune du Dja, Cameroun", Sudcam has committed to the removal and eradication of these invasive plants to protect the ecological balance.

Despite disruptions caused by COVID-19 pandemic from 2020, we have successfully removed 80% of these cover crops at our 2012 and 2013 planting areas. The process is time and labour-intensive as we committed not to use any chemicals that may contaminate water bodies. While we have not yet identified any alternative cover crops apart from these invasive plants, we remain committed to exploring other alternatives.

Apart from these biological and mechanical controls, we strive to apply responsible pesticide application in plantations. In line with our commitment to minimise the use of fertilisers and pesticides and prohibit the use of chemicals and pesticides listed under the Stockholm Convention, Rotterdam Convention and World Health Organisation (WHO) Class 1A & 1B, we apply the following standard operational practices and approaches:

- spraying of pesticides with broadcast spraying of non-specific pesticides as last resort,
- application of synthetic pesticides only as required and often only at specific life cycle patterns of a pest,
- progressively increasing use of pesticides from plant-derived or naturally occurring substances, and
- taking guidance from the Sustainable Agriculture Network's (SAN) pesticide lists following the SAN 2017 Sustainable Agriculture Standard.

Fire Prevention and Suppression

In line with its commitment to zero deforestation and protection of forest areas, Halcyon Agri monitors fires and plays an active role in mitigating its occurrence in all our concessions. Cameroon and Malaysia, being tropical countries, experience both rainy and dry seasons. Climate data from World Bank show average monthly temperatures and rainfall from 1901 up to 2016.¹²

In 2021, our plantations recorded 43 fire incidents, all from our Cameroonian concessions and mostly vegetation fires. Of the 43 incidents, 40 occurred in the first quarter of 2021 where temperatures tend to be at their hottest and rainfall at one of their lowest every year.

Our plantations have dedicated teams on the ground to monitor fires on a daily basis. As standard practice, fire incidents are reported to plantation heads and local authorities within 24 hours. Weather is also closely monitored through the weather station at Hevecam. When incidents are reported, fire-fighting teams will be deployed immediately on site to suppress the fire. Incident investigations are also carried out by EHS teams to determine root cause and corrective actions to prevent recurrence. We regularly conduct training activities to maintain preparedness of our teams against fires. More information is available in our website: <https://www.corrie-maccoll.com/fire-monitoring-and-management/>

¹¹ Source: <http://www.aarsb.com.my/legume-mucuna-bracteata>

¹² Source: <https://climateknowledgeportal.worldbank.org/>

Watercourse Buffer Zones

It is our policy to have buffer zones in watercourses in our concessions. In accordance with local regulations and forest management standards, these buffer zones act as riparian corridors for essential wildlife movement and promote stability of river banks as they could mitigate soil erosion and provide stability to meandering features of watercourses.

The width of the buffer zones (for each side of the watercourse) depends on local regulation. In our Cameroon plantations, buffer zones have at least 30-meter width while in Malaysia it varies between 5 and 50 meters depending on watercourse size.

Respecting Human Rights

Grievance Mechanism

Our grievance resolution procedure addresses concerns from stakeholders in a systematic and transparent manner, and is published on the corporate website. https://www.halcyonagri.com/wp-content/uploads/2020/04/HAC_Grievance-Resolution-Procedure.pdf

The procedure comprises three key stages:



The process flow provides specific timelines at each stage, targets to achieve and implement agreed monitoring activities within a six to twelve-month period. At the time of this publication, a total of 14 cases have been reported coming from our plantation business with six ongoing and eight closed. The last grievance case received was in February 2020. Grievance cases are publicly reported at Corrie MacColl's website: <https://www.corrie-maccoll.com/sustainability/sustainability-grievances/>.

Complementing the established online grievance system, our Cameroonian plantation teams, in partnership with APED¹³ for Hevecam and APIFED¹⁴ for Sudcam, also implemented oral-based grievance reporting processes. This ensures our procedure remains inclusive by ensuring stakeholder feedback is received regardless of literacy levels. More information on collaboration with APED and APIFED is available in the website:

<https://www.corrie-maccoll.com/progress-across-mighty-earth-sustainability-accord/>
<https://www.corrie-maccoll.com/apifed-partnership/>

In Malaysia, JFL team conducted stakeholder consultations as part of Malaysian Sustainable Palm Oil (MSPO) certification in 2020. JFL continues to maintain its stakeholder engagement activities as part of its certification. More information is available in the website: <https://www.corrie-maccoll.com/jfl-receives-mspo-for-sustainable-palm-oil/>.

For our processing activities, all our factories maintain open, transparent and independent grievance mechanisms in place with access to remedy. In 2021, our factories reported no significant complaints or grievances from local communities.

¹³ Appui pour la Protection de l'Environnement et le Développement
¹⁴ Appui à l'autopromotion et l'insertion des femmes, des jeunes et des désœuvrés



Biofiltration system at Thungsong factory, Teck Bee Hang in Thailand.

One potential area of grievance is odour emissions from our processing sites. We are required to closely monitor and mitigate the impact through active odour treatment and preventive maintenance of air scrubbers. To address the grievance involving our factory in Hainan, China in 2020, the factory completed the upgrading of a wet line scrubber system in 2021 as planned. The upgraded system mitigates the cause of odour from its factory operations.

Another notable initiative on odour mitigation was commissioned in 2021 by Teck Bee Hang's Thungsong branch in Thailand. Using biofilter technology, the eco-friendly system significantly eliminates odour in and around the factory.

As a responsible corporate citizen, we remain committed to address and rectify issues promptly and maintain a harmonious relationship with local community.

Food Security

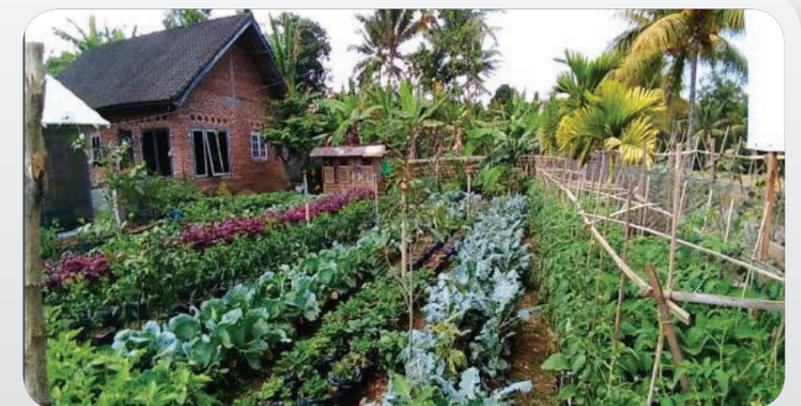
Land provides a universal means of livelihood. To ensure Halcyon Agri's activities do not compromise local food supplies, our plantations provide market access, income generation activities and good agricultural practices to local communities.

Since its establishment in 1975, Hevecam has been developing a food sourcing network. The plantation provides market areas for local vendors to sell food to the plantation population and also provides transportation for villagers to visit the local (Nlongo) market.

Sudcam operates and maintains bursar shops at workers' camps to administer distribution of essential food items. They also partnered with state authorities to establish and support local residents' food crops plantations. Sudcam has also initiated a program of income-generating activities to combat poaching in collaboration with Dja Reserve managers.



A senior member of PT Hok Tong with corns produce from the village.



The Food Independent Village located in Palembang, Indonesia.

Communities and Landscapes

Furthermore, the Cameroon Outgrower Programme, which is an initiative of Corrie MacColl, provides integrated farming opportunities that not only support livelihoods of local communities but also provide food crops and livestock rearing opportunities during the gestation period of the rubber trees. More information on the program is available online: <https://www.corrie-maccoll.com/sustainability/rubber-smallholders/>

In Palembang, Indonesia, PT Hok Tong Keramasan initiated a self-reliance program with the community in 2021. Called Food Independent Village or "Kampung Mandiri Pangan", the factory donates its organic sludge to serve as an excellent planting medium for the local community to grow crops. The produce is shared with community members.

Building Community

Other notable community initiatives in 2021:



Cote d'Ivoire – Football tournament with local communities. Sponsored by SDCI, the initiative aims to strengthen kinship with surrounding village communities through sports.



Sudcam, Cameroon - Social Action Plan for indigenous and local communities at Sudcam. The action plan regularly engages 42 local and indigenous communities surrounding the Sudcam concession.



Southern Thailand – In 2021, a waste recycling program with the community was launched by Teck Bee Hang where recyclable waste is accepted as payment in exchange of chicken eggs.

International Certifications and Standards

The table below lists Halcyon Agri's sites audited by third-party professionals based on international certifications and standards which are relevant to the Group's key ESG factors. They are accurate as of the date of publication of this annual report.

No.	Name	Code	Location	Activity	International Certifications		
					ISO9001: 2015	ISO14001: 2015	ISO45001: 2018
China							
1	Hainan Sinochem Rubber Co. Ltd. - Hainan AX - Hainan CX	AX CX	Hainan	Processing	Y	Y	Y
2	Xishuang banna Sinochem Rubber Co. Ltd. - Yunnan Jinghong - Yunnan Mantang - Yunnan Manme - Yunnan Menglong - Yunnan Mengrun	BX BX2M BX3T BX4L BX5R	Yunnan	Processing	Y	Y	Y
Indonesia							
3	PT Hevea MK I	SDR	Palembang	Processing	Y	Y	
4	PT Hevea MK II	SEA	Palembang	Processing	Y	Y	
5	PT Hok Tong Plaju	SCX	Palembang	Processing	Y	Y	
6	PT Hok Tong Keramasan	SGO	Palembang	Processing	Y	Y	
7	PT Remco Rubber Indonesia	SDQ	Palembang	Processing	Y	Y	
8	PT Sunan Rubber Palembang	SCY	Palembang	Processing	Y	Y	
9	PT Remco Rubber Indonesia	SBC	Jambi	Processing	Y	Y	
10	PT Hok Tong	SCL	Jambi	Processing	Y	Y	
11	PT Rubber Hock Lie	SDH	Medan	Processing	Y	Y	
12	PT Rubber Hock Lie	SCM	Rantau Prapat	Processing	Y	Y	
13	PT Pulau Bintan Djaya	SAR	Bintan	Processing	Y		
14	PT Hok Tong	KAZ	Pontianak	Processing	Y	Y	
15	PT GMG Sentosa	KBM	Pontianak	Processing	Y	Y	
16	PT Bumi Jaya	KBQ	Tanjung	Processing	Y	Y	
17	PT Sumber Djantin (Sanggau)	KBP	Pontianak	Processing	Y	Y	
18	PT Sumber Djantin (Sambas)	KBE	Pontianak	Processing	Y	Y	
19	PT Sumber Djantin	KAB	Pontianak	Processing	Y	Y	
20	PT Sumber Alam	KBD	Pontianak	Processing	Y	Y	
Malaysia							
21	Hevea KB Sdn Bhd	HL	Perak	Processing	Y	Y	Y
22	Euroma Rubber Industries Sdn Bhd	JJ	Kedah	Processing	Y	Y	
23	Corrie MacColl Malaysia Sdn Bhd		Malaysia	Trading & Distribution	Y		
24	JFL Holdings Sdn Bhd		Kelantan	Plantation		AWS V2.0 (Registered)	

International Certifications and Standards

No.	Name	Code	Location	Activity	International Certifications		
					ISO9001: 2015	ISO14001: 2015	ISO45001: 2018
THAILAND							
25	Teck Bee Hang	HIT	Thung Song	Processing	Y	Y	Y
26	Teck Bee Hang	H2Y	Yala	Processing	Y		
27	Teck Bee Hang	H6N	Narathiwat	Processing	Y		
28	Teck Bee Hang	H7P	Pattani	Processing	Y		
29	Teck Bee Hang	H8S	Suratthani	Processing	Y	Y	Y
West Africa							
30	Societe de Developpment Du Caoutchouc Ivorien S.A. - Anguededou - Bouboury	SDCI-A SDCI-B	Cote D'Ivoire	Processing	Y		
Central Africa							
31	Hevea Cameroun S.A.	HVS	Niete, Cameroon	Processing & Plantation	Y	AWS V2.0 Core (Certified)	
32	Sud Cameroun Hevea S.A.	SDC	Meyomessala Cameroons	Processing & Plantation	Y		
Europe and Americas							
33	Corrie MacColl Deutschland GmbH		Eschborn, Germany	Trading & Distribution	Y		
34	Corrie MacColl Europe B.V.		Zaandam, Netherlands	Trading & Distribution	Y		
35	Corrie MacColl North America, Inc		Norfolk, Virginia, USA	Trading & Distribution	Y		
36	Kelvin Terminals B.V.		Terneuzen, Netherlands	Logistics & Warehousing	Y	Y	Y

Legend:

ISO 9001: 2015 – Quality Management System
 ISO14001:2015 – Environmental Management System
 ISO45001:2018 – Occupational Health and Safety Management System
 AWS V2.0 – Alliance for Water Stewardship Standard Version 2.0

GRI Content Index

Statement of use	Halcyon Agri Corporation Limited has reported in accordance with the GRI Standards for the period 1 January to 31 December 2021
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosures	Location or Reason(s) for Omission	Pages	References		
				SDGs	UNGC	
GRI 2: General Disclosures 2021	The Organization and Its Reporting Practices					
	2-1 Organizational details	Corporate Information	66		3, 6, 10	
	2-2 Entities included in the organization's sustainability reporting	Corporate Structure	67			
	2-3 Reporting period, frequency and contact point	About The Report	1			
	2-4 Restatements of information	About The Report	1			
	2-5 External assurance	Reporting and Assurance	30			
	Activities and Workers					
	2-6 Activities, value chain, and other business relationships	Halcyon Agri at a Glance	5		3, 6, 10	
	2-7 Employees	Safeguarding Our People	36			
	2-8 Workers who are not employees	Information unavailable. Central data collection system under development. Information expected in next reporting cycle.				
	Governance					
	2-9 Governance structure and composition	Board Responsibility		30	16	3, 6, 10
		Board Composition and Diversity Highlights		70		
		Board Governance Framework and Leadership Structure		74		
		Board Diversity		77		
Nominating Committee Report			87			
Board Leadership Structure			75			
Board Responsibility			30			
Strategy and Investment Committee			79			
Audit Committee Report			92			
Sustainability Management			30			
2-10 Nomination and selection of the highest governance body						
2-11 Chair of the highest governance body						
2-12 Role of the highest governance body in overseeing the management of impacts						
2-13 Delegation of responsibility for managing impacts						
2-14 Role of the highest governance body in sustainability reporting						
2-15 Conflicts of interest						

GRI Standard	Disclosures	Location or Reason(s) for Omission	Pages	References		
				SDGs	UNGC	
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Whistleblowing Framework	83		3, 6, 10	
	2-17 Collective knowledge of the highest governance body	Board Responsibility	30			
		Board Orientation, Training and Development	78			
	2-18 Evaluation of the performance of the highest governance body	Board Performance Evaluation	79			
		Nominating Committee Report	87			
	2-19 Remuneration policies	Remuneration Matters	80			
	2-20 Process to determine remuneration	Remuneration Committee Report	89			
	2-21 Annual total compensation ratio	Remuneration of KMP	91			
	Strategy, Policies and Practices					
	2-22 Statement on sustainable development strategy	Chief Executive Officer's Review	8		Statement by the Chief Executive expressing continued support for the UN Global Compact and commitment to the initiative.	
		Sustainable Development Goals	32			
	2-23 Policy commitments	Policies, Standards and Compliance	34	16	3, 6, 10	
	2-24 Embedding policy commitments					
2-25 Processes to remediate negative impacts	Grievance Mechanism					55
2-26 Mechanisms for seeking advice and raising concerns	Audit Committee Report	93				
2-27 Compliance with laws and regulations	Ethics and Anti-Corruption	31				

GRI Standard	Disclosures	Location or Reason(s) for Omission	Pages	References			
				SDGs	UNGC		
GRI 2: General Disclosures 2021	2-28 Membership associations	China Natural Rubber Association China Rubber Industry Association Federation of Malaysian Manufacturers GAPKINDO (Gabungan Perusahaan Karet Indonesia/ Rubber Association of Indonesia) Global Agribusiness Action on Equitable Livelihoods (GAA-EL) Global Platform for Sustainable Natural Rubber (GPSNR) International Rubber Study Group (IRSG) LGM (Malaysian Rubber Board Pricing Panel) Malaysian SMR Rubber Processors Associations Member/Panel of Advisor/ Signatory to SNR-i (Sustainable Natural Rubber Initiative) Rubber Trade Association of Singapore Singapore Institute of Directors Singapore International Chamber of Commerce Rubber Association (SICCRA) The Rubber Trade Association of Europe (RTAE) The Thai Rubber Association United Nations Global Compact			3, 6, 10		
		Stakeholder Engagement					
		2-29 Approach to stakeholder engagement	Stakeholder Engagement	47		3, 6, 10	
		2-30 Collective bargaining agreements	Working Conditions	39			
		Material Topics					
		GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment	33		3, 6, 10
			3-2 List of material topics	Key ESG Factors	33		
		Ethics and Compliance					
		GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
		GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Ethics and Anti-Corruption	31	16	10
Fair Working Conditions							
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Total New Hires and Total Turnover	37		6		

GRI Standard	Disclosures	Location or Reason(s) for Omission	Pages	References	
				SDGs	UNGC
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employees by Gender and by Region	37	5	6
		Senior Management (% Female) and Senior Management by Age (% Distribution)	38		
		Board Composition and Diversity Highlights	70		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Working Conditions	39	8	3
Workplace Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Workplace Health and Safety Management System	39	8	
	403-2 Hazard identification, risk assessment, and incident investigation	Hazards and Controls	40	3, 8	
	403-3 Occupational health services	Health Services and Promotion	40		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Worker Engagement and Training	40	8, 16	
	403-5 Worker training on occupational health and safety			8	
	403-6 Promotion of worker health			3	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Smallholder Farmers and Suppliers	50	8	
	403-9 Work-related injuries	Work-related Injuries	41	3, 8, 16	
	Traceable Supply Chain				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Industry Engagement	49		8
		Smallholder Farmers and Suppliers	50		
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Industry Engagement	49	5, 8, 16	2
		Smallholder Farmers and Suppliers	50		
Pricing Equity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	HeveaConnect	49	5, 9, 11	

GRI Standard	Disclosures	Location or Reason(s) for Omission	Pages	References	
				SDGs	UNGC
Eco-Efficiency					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Consumption	44	7, 8, 12, 13	7, 8, 9
	302-3 Energy intensity				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water	47	6	
	303-2 Management of water discharge-related impacts				
	303-3 Water withdrawal				
Climate Change					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions	45	3, 12, 13, 14, 15	7, 8, 9
	305-2 Energy indirect (Scope 2) GHG emissions				
	305-4 GHG emissions intensity				
Quality Excellence					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
Other Disclosures	HeveaPro Quality Standards	HeveaPro – A Holistic Approach Towards Quality Excellence	34	9	
Landscape Stewardship					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protecting Ecosystems	52	6, 14, 15	8
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Values	53		
Human Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Respecting Human Rights	55		1, 2
Community Investment and Empowerment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management	30		1, 8
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Building Community	57		1



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